

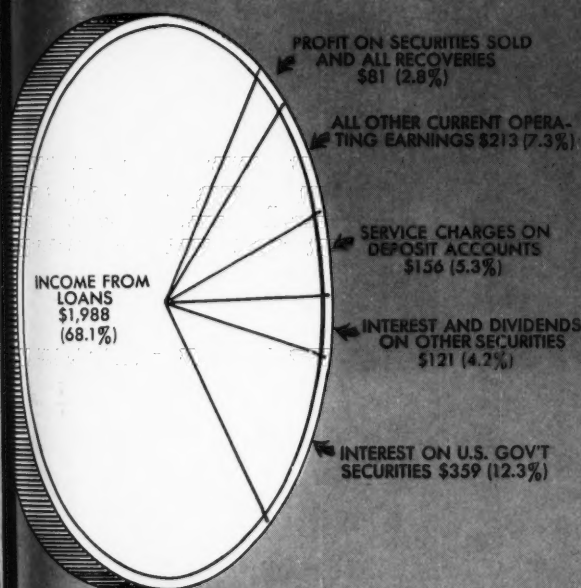
BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1957

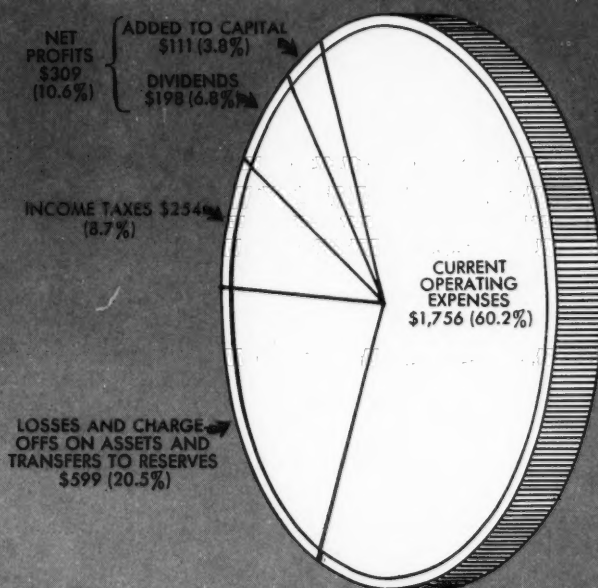
In Millions of Dollars

SOURCES OF INCREASE



TOTAL \$2,918 MILLION

DISPOSITION OF INCREASE

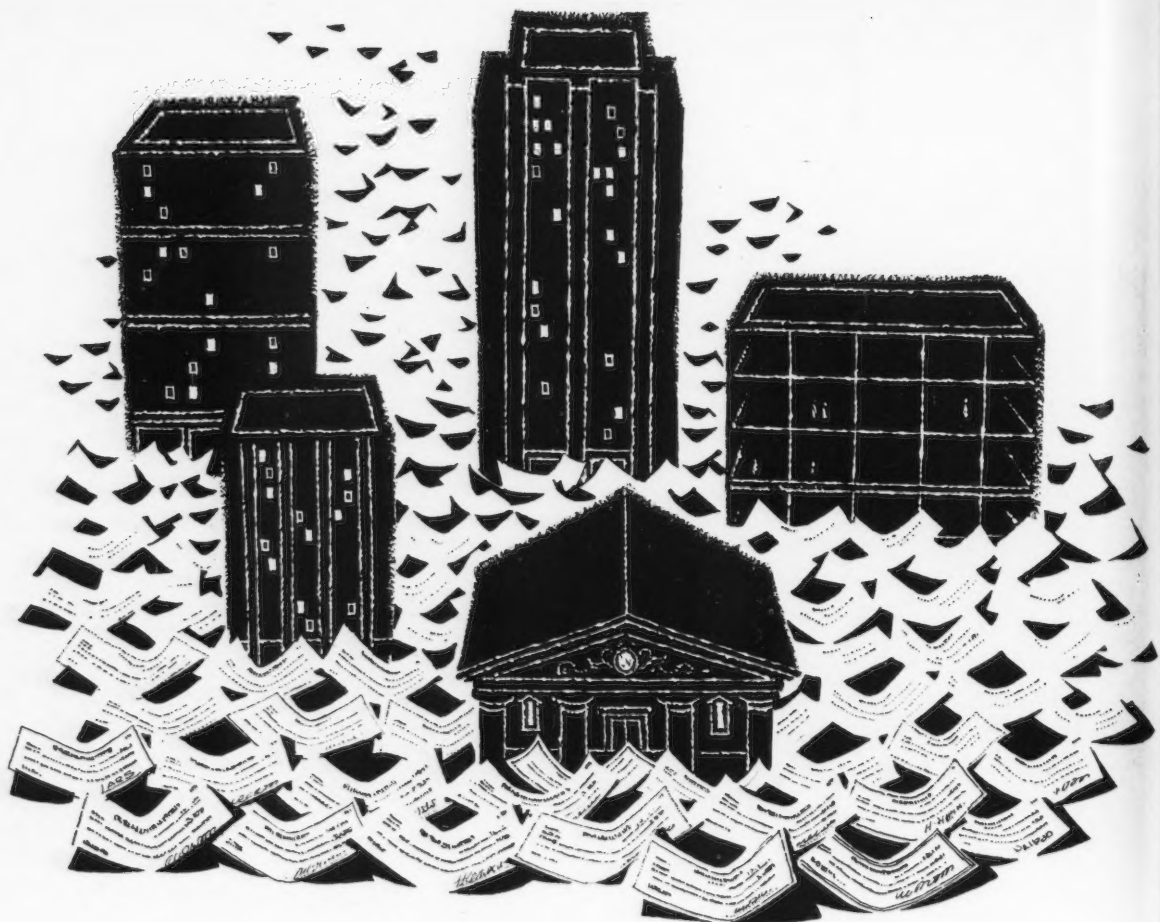


TOTAL \$2,918 MILLION

Bank Earnings and Where They Went (pages 5 and 47)

The A.B.A. Blueprint for Reserve Requirements
(page 42)

Cost Is the Crux of Market Research for Banks
(page 44)



To stop this river of checks from overflowing its banks . . .
TURN TO IBM ELECTRONIC CHECK POSTING!

Now—for the first time—daily check posting is a simple, standard bookkeeping operation. The heart of this revolutionary system is an IBM 650 computer—an electronic data processing machine that posts checking account documents with incredible speed.

As your clerks total and prove the daily volume of checks, an IBM key punch can transfer the data to cards simultaneously. Then the IBM 650 goes to work—accurately storing all of the key-punched information on its magnetic drum at split-second speeds. As the punched card records of the former balances are fed into the 650, it automatically searches the drum for corresponding accounts; it posts these accounts, and prepares new balance cards to enable you to *produce a trial balance at the rate of 600 accounts per minute!*



With IBM electronic check posting, your bank has new freedom and flexibility to grow—as *you* want it to grow. Why not investigate? For more complete information, contact your local IBM representative, or write today to: Banking Department A57, International Business Machines Corporation, 590 Madison Avenue, New York 22, N. Y.

IBM

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PROCESSING**

DATA PROCESSING • ELECTRIC TYPEWRITERS • MILITARY PRODUCTS • TIME EQUIPMENT



How Swingline Electric Staplers speed service of IBM machines at National Bank of Washington, D. C.!

Here you see Swingline Electric Staplers being used to speed the collating of checks on IBM 802 and 803 Proof Machines* at the National Bank of Washington, D. C. With Swingline Electric Staplers, workers can handle large deposits 20 times faster than with ordinary hand staplers.

Wherever multi-stapling systems are used—from collating checks and cards to binding passbooks—Swingline Electric Staplers boost efficiency, save time and money. Swingline Staplers don't break or jam. There's no painful punching or pounding. No reaching and fumbling for easily mislaid hand staplers. Multi-stapling of checks and cards is accomplished with effortless ease. No wonder more and more banks every day are switching to Swingline Electric Staplers!

Why not find out how Swingline Electric Staplers can benefit *your* bank's operation. Fill out the coupon and mail today.

*These machines sort, list, prove and endorse checks in one operation. The IBM 802 distributes up to 24 checks, while the IBM 803 has a 32-check distribution capacity.

SWINGLINE® 66,
"Feather Touch" electric model, staples up to 40 sheets at once. Holds up to 210 staples. Introductory price: \$29.75†



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Position _____
Company _____
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City _____ Zone _____ State _____



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You can assure her that her home is safe—the mortgage has been paid in full. There is no danger of a double tragedy for her—no possibility of injurious community relations for you. Federal's Mortgage Redemption Plan protects *both* the customer and the bank. Customers like Federal's Plan because the low, low cost is simply included in their monthly mortgage payment. Bankers like Federal's Plan for its simplicity and freedom from burdensome detail. *Write today for complete information.*

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BUILD YOUR INSTALLMENT FINANCE DEPARTMENT SAFELY AND PROFITABLY**

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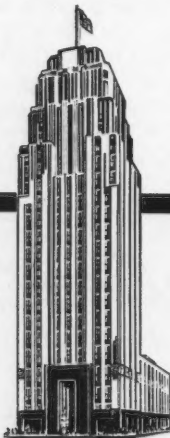
LIFE and CASUALTY COMPANY

Federal Offers You:

A Custom Designed Plan based on careful study of your operations • Proven Customer Appeal • Simplified Streamlined Procedure • Complete Flexibility including Health and Accident coverage • Prompt Service • All Promotional Tools.

HIGHEST RATING

See Best's and Dunne's for reason's why Federal enjoys their unqualified recommendation.



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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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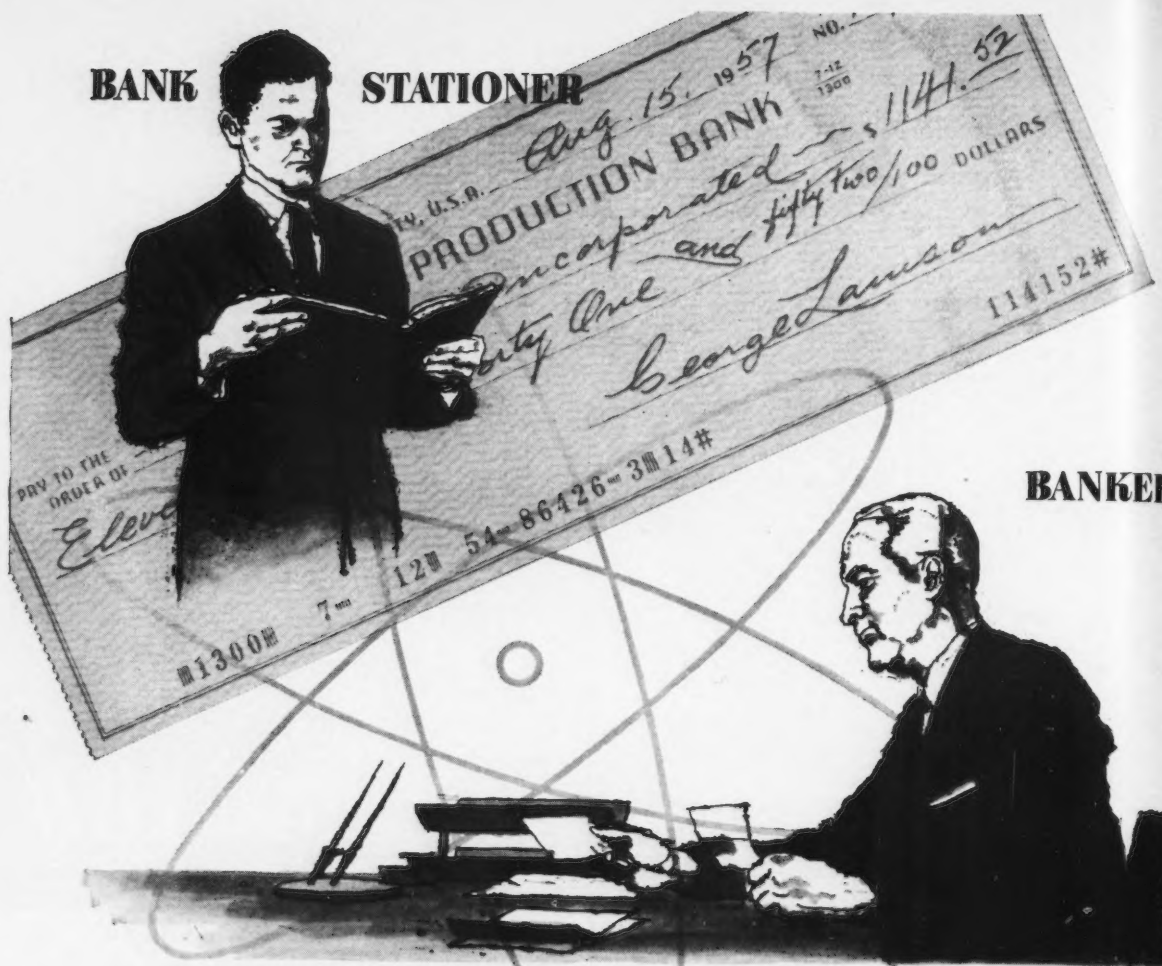
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BANK**STATIONER****BANKER**

Teamwork in Automation...

Account coding for today's machines in preparation for the fully automatic electronic operations of the future requires close teamwork between the banker and the bank stationer. Through close cooperation with machinery manufacturers, the bank stationers have gained experience which will enable them to produce checks that can be properly "read" by electronic equipment. The magnetic ink coding which will provide the "common machine language" must be exact . . . precise. And . . . your bank stationer will continue to supply checks that will afford your bank with the finest in quality . . . maximum protection . . . checks on La Monte Safety Paper.



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BANKING

Just a Minute

August

IN case you're *not* on a diet, this is National Sandwich Month and Cherry Pie time.

And in keeping with vacation informality, August also includes National Blue Denim Week.

Conscience Dept.

THE real estate sales department at the Bank of St. Louis received two \$5 bills with the following letter:

"To Whom It May Concern:

"Enclosed is ten dollars for upstairs storm window broken in back of 3007 Clearview Drive (Pasadena Hills).

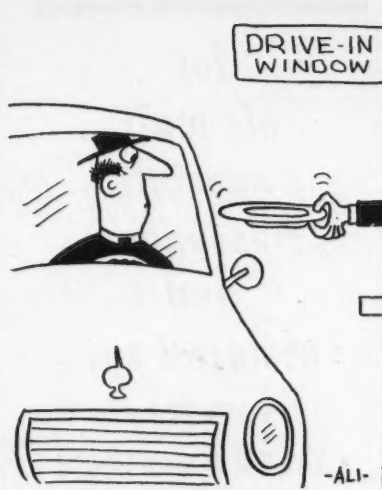
"It was an accident and we are very sorry about it.—THE BOYS WHO DID IT."

The department, which had recently sold the vacant house, was unaware that the window had been broken.

No. 738

YOU may have heard the story about Account No. 738 at The Bank for Savings in New York City, but it's a good one to dust off now and then—especially in these days when thrift is being encouraged.

This account was opened for baby John S. Thorne on August 16, 1819, about a month after the bank began business in the basement of the Old Alms House in City Hall Park, downtown Manhattan. A year later \$5 was added. That was the last deposit.



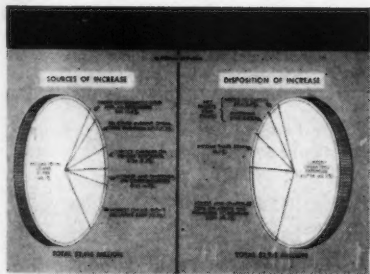
"Through all the years since," recalls the *New York Times*, "the bank has paid compound interest on the account. By 1931, No. 738 had grown to \$2,996.03. That year the heirs of John Thorne decided to withdraw the money. Since it was the bank's oldest enduring account and also the oldest savings account in New York State, The Bank for

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

The "pie chart" on our cover gives an analysis of the net increase in bank earnings between 1951 and 1956—the sources of the higher income and what became of it. These facts and related data are from the article, "Bank Earnings and Profits Since World War II," which appears on page 47, together with more charts and an accompanying table on page 46



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REQUIREMENTS**

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Savings asked the family to assign the account instead of closing it, thus keeping No. 738 alive.

"The bank-owned account has grown to \$5,276.45."

Yank Banks Say Thanks

A HUNDRED and three people whose jobs are at the Merchants National and the Merchants Savings Banks of Manchester, N. H., had a New York weekend this summer—and their employers paid the bill as a "thank you" for jobs well done.

The staff members, with their wives and husbands, motored to a train connection on the New Haven, rode in special cars to the metropolis, registered at the Commodore, saw either a ball game or a show, toured the city—all in all, a pretty big weekend.

Much the same thing happens every year, with variations, of course. In 1956 the bank folks visited Boston and covered that town thoroughly, too.

"The social activities of our staff command a dominant place in our employee relations program," Vice-president Clifford R. Thatcher, tells BANKING. "During the year we hold several outings and parties for employees only, but each spring we plan a get-together in which husbands and wives of the employees are included.

"For several years on this occasion we visited one of the resort hotels along the seashore for an out-

ing. The program would include outdoor sports, swimming, golf, tennis, etc., a clam bake on the beach, and dinner at the hotel with music for dancing."

After the Boston outing in 1956, somebody suggested at a staff meeting that the 1957 party be in New York.

"Okay," said the management, and the trip was arranged.

"Fortunately," says Mr. Thatcher, "our staff of 82 employees is small enough to permit us to get our bank family together every now and then. We look forward to these social events.

"Our employees' morale is very high, and turnover is at a low, low figure. Knowing your employees and their families better adds understanding to your employee relations."

165 Years Ago

AN exhibit recalling the establishment of New York's famed financial community, "Wall Street," attracted attention at the American Trust Company. A brass plaque in the sidewalk at the bank's address, 70 Wall Street, marks the location of the buttonwood tree under which traders foregathered 165 years ago.

The Museum of the City of New York loaned a color print depicting the signing of the "buttonwood agreement," together with a documented explanation of what took

(CONTINUED ON PAGE 11)

Banco Comercial Industrial claims "the highest office on earth"—a counter at the airport of La Paz, Bolivia, 13,414 feet above sea level. The bank's head office is in Santa Cruz





THE DETROIT BANK & TRUST COMPANY

Statement of Condition

June 30, 1957

★

RESOURCES

CASH AND DUE FROM BANKS	\$ 167,918,692.84
UNITED STATES GOVERNMENT OBLIGATIONS	341,361,389.31
STATE AND MUNICIPAL SECURITIES	98,800,836.87
CORPORATE AND OTHER SECURITIES	2,406,760.84
LOANS AND DISCOUNTS	\$237,875,560.69
REAL ESTATE LOANS	139,500,398.80
FEDERAL RESERVE BANK STOCK	1,511,400.00
BANK PROPERTIES AND EQUIPMENT	8,193,665.71
ACCRUED INTEREST AND PREPAID EXPENSES	3,887,983.45
CUSTOMERS LIABILITY ON LETTERS OF CREDIT	78,843.25
OTHER ASSETS	148,510.97
TOTAL	<u>\$1,001,684,042.73</u>

★

LIABILITIES

DEMAND DEPOSITS:

INDIVIDUALS, CORPORATIONS AND OTHERS	\$ 481,696,145.41
U. S. GOVERNMENT	16,908,751.35
OTHER PUBLIC FUNDS	30,306,153.27
	<u>\$ 528,911,050.03</u>

SAVINGS AND TIME DEPOSITS	396,685,869.21
TOTAL DEPOSITS	<u>\$ 925,596,919.24</u>
UNEARNED INTEREST	4,924,602.69
ACCRUED EXPENSES AND TAXES	5,655,739.73
LIABILITY ON LETTERS OF CREDIT	78,843.25
OTHER LIABILITIES	109,624.53
CAPITAL STOCK (\$10.00 par value)	\$ 18,378,500.00
SURPLUS	32,000,000.00
UNDIVIDED PROFITS	11,533,971.37
GENERAL RESERVES	3,405,841.92
TOTAL	<u>\$1,001,684,042.73</u>

United States Government Securities in the foregoing statement with a par value of \$84,700,000.00 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$4,852,367.41.

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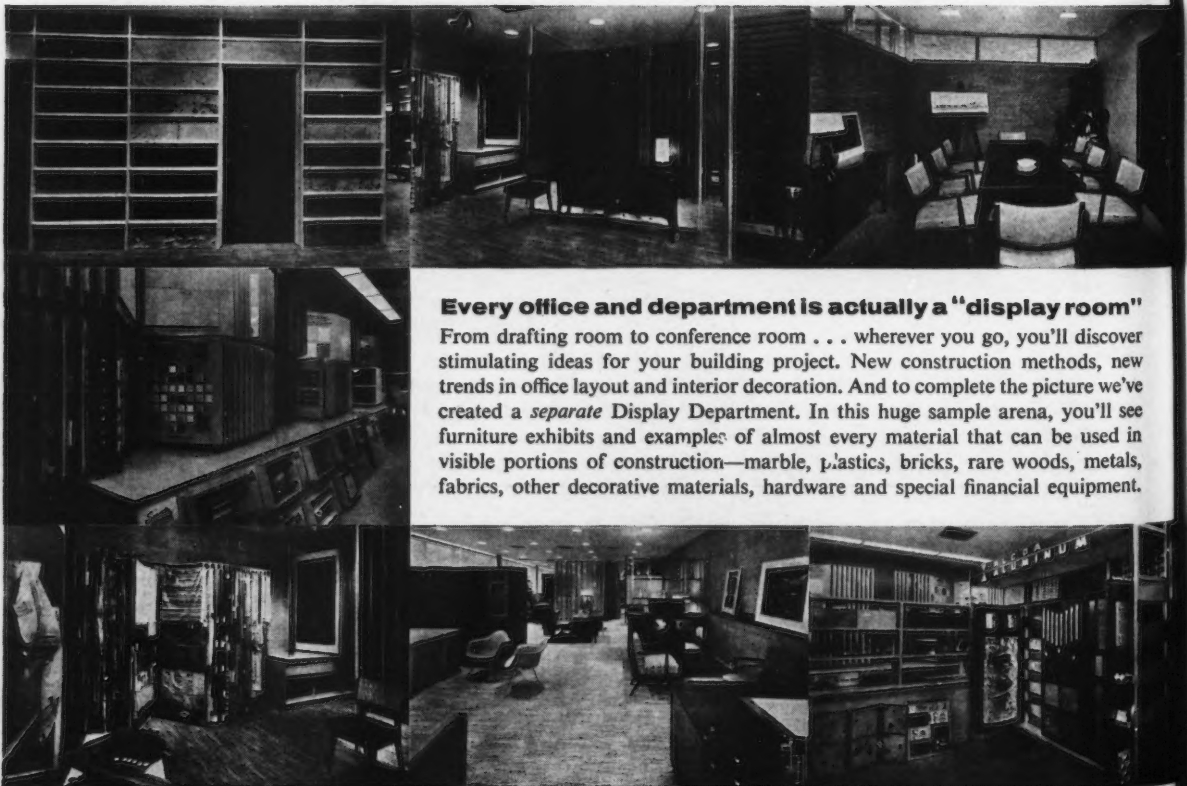
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Designers' section, representing approximately one-third of total drafting area.



The main entrance lobby



Purchasing Department



Estimating Department

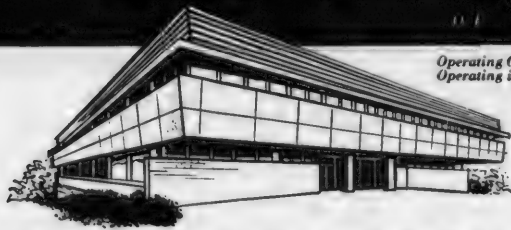
of ideas for your new quarters

Worth a visit . . . Designed to show you all the latest in materials and furnishings!

Bank Building & Equipment Corporation's new headquarters grew out of a revolutionary concept in building design. 62,000 square feet planned to operate at peak efficiency . . . yet function as a gigantic showroom at the same time. Because of this remarkable set-up, you can see all types of the most modern building materials and interior furnishings *in actual use*. Take the office areas for example. Each one is different in layout and decor, showing you a wide variety of furniture, carpeting, draperies, wall coverings and 30 different types of lighting fixtures. And throughout the building are further examples of the latest developments in everything from floor surfaces to acous-

tical ceiling tiles. Hundreds of ideas for your new offices that you can investigate *in actual operation* . . . before you invest. You'll also gain valuable insight into the latest thinking in new quarters design by watching the world's largest organization of financial building *specialists* at work. Designers, operations analysts, engineers, equipment and construction experts who combine their talents on every project. Visit our new headquarters in St. Louis soon. See for yourself how our unique facilities, planning methods and experience (over 3,200 completed projects) can be vital factors in assuring the success of your new quarters. No obligation, of course.

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OF AMERICA



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PEASE HOMES 942 FOREST AVENUE HAMILTON, OHIO

Pre-sold to more than 9½ million readers of the nation's leading home service magazines

(CONTINUED FROM PAGE 6)

place on May 17, 1792, when merchants organized at the spot to buy and sell bonds to help finance a young nation's expenditures.

The bank also plans to plant another buttonwood at its original site.

Bankers Publish Textbook

A TEXT for young people of high school age has been published by the Illinois Bankers Association. Its title is "Your Illinois Banks."

The booklet, work of the I.B.A. Education Committee headed by George Wasem, vice-president of the Commercial National Bank, Peoria, is being distributed to each bank in the state. Free copies for students are available as requested by the banks.

The writer, E. C. Alft, a social studies teacher at the Elgin High School, tells the story of a family and how it is served by the hometown bank. A teachers' guide accompanies the text.

"What Did He Look Like?"

THAT'S one of the first things the cops try to learn when they investigate a holdup, robbery or other crime committed by an unidentified person.

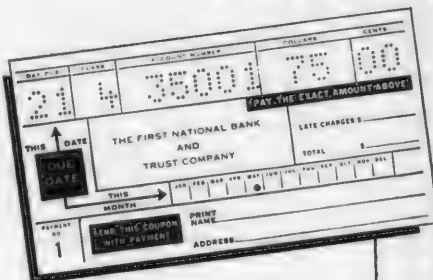
Now come The Travelers Insurance Companies with a small leaflet,

"We're just one big happy family here. In fact, our office slogan is "Be Happy or else!"



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LESS waiting time



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• LIQUID

• PROFITABLE

These loans are SECURED by cash values of life insurance policies . . . PROFITABLE because the collateral constantly increases in value . . . LIQUID because your money is readily available—loans are callable at any time with 150 days or less.

More than \$165,000,000.00 of these loans have been placed with banks throughout the country . . . There is an unlimited volume of these loans immediately available.

Bank references . . . (banks known to you) and full details on our two convenient plans for handling these loans will be sent you without obligation.

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Managerial Craftsmanship

THE skilled hands and minds of management and employee will never be replaced by push buttons.

Decrees, directives—yes, even automation—may produce a boss, but they will never create a leader.

The successful operation of our entire banking mechanism rests with people—people whom we pay to produce or sell our merchandise and upon whom our success or failure is predicated. And yet this, the most valuable asset we have, is quite frequently picked at random, trained indifferently, and treated as a market commodity or a time clock number. . . .

Just because an employee is well paid and likes his job, it does not follow that he feels a sense of usefulness and importance, or that he looks upon his work as meaningful or upon banking as his permanent vocation. The something else that is needed to bring all of these into proper focus, to boost productivity, to stimulate, to sell banking, is *effective supervision*. For it is the human side of supervision, the managerial craftsmanship, which in the long run determines individual attitude and output. . . .

Management will remain the key to mass production and operations regardless of the extent to which automatic processes seem to take over.

—J. F. HOLLAND, vice-president, Security First National Bank of Los Angeles, in a talk at a NABAC meeting.

for bank tellers, that will help provide the vital information.

The folder warns that eye witnesses shouldn't trust their memories too long, but should immediately jot down all the facts as observed, and the center spread provides space for notations on hat, hair, eyes, ears, nose, chin, complexion, dress, physical characteristics, and other aids to identification.

The leaflet is available to banks through any Travelers agency or branch office.

1782-1957

ON New Year's Eve, 1781, the Bank of North America was chartered by Congress, and on Jan. 7, 1782, it opened for business. So in this year, 1957, the bank's descendant, The First Pennsylvania Banking and Trust Company of Philadelphia, is celebrating its 175th anniversary.

Part of the observance is a 32-page book, illustrated with copper-plate etchings, which tells, in two parts, the role played by the bank in financing the country's infant industry and commerce, and how it is functioning to serve today's needs.

The book recounts the First Pennsylvania's evolution through a century and three-quarters, and through the many mergers and consolidations represented in the present institution.

Bank of North America's original subscribers, who provided a capital of \$400,000, included Robert Mor-

ris, Thomas Jefferson, Benjamin Franklin, Alexander Hamilton, James Monroe, John Jay, John Paul Jones, Commodore John Barry.

The First Pennsylvania has in its family tree The First National Bank of Philadelphia, which got Charter No. 1 in the National Banking System in 1863, and the Pennsylvania Company for Insurances on Lives and Granting Annuities.

Contest for Bank Staffs

A TWO-WEEK tour of Europe is the first prize in a contest among bank employees for this summer's most effective display featuring travel-connected bank services.

American Express offers this and nine other vacation trips, with 240 additional prizes, to bank people (CONTINUED ON PAGE 14)

"I get everything on a cost plus basis—cost plus argument"



BANKING

You're on the right track



when you display the emblem of Christmas Club A Corporation

Nearly one-half (46.6%) of all Christmas Club members are in the 25-44 age bracket—far in excess of the population ratio (28.5%) of this group.

These young Americans have growing families that require all your services. They need savings programs, loans, safe deposit boxes and financial advice. They are your best market today—and tomorrow!

Bring them through your doors with Christmas Club. A staff member of Christmas Club a Corporation will gladly call and tell you the complete story. No obligation, of course.

A nation-wide survey made by Christmas Club a Corporation shows that Christmas Club members are concentrated in the young family group

Age Bracket	Proportion of Total Population In Age Bracket	Proportion of Christmas Club Membership In Age Bracket
Under 15 Years	29.4%	7.8%
15-24 "	13.3	11.0
25-34 "	14.6	21.3
35-44 "	13.9	25.3
45-54 "	11.5	18.0
55-64 "	8.8	10.9
Over 65 "	8.5	5.7
	100.0	100.0



Christmas Club a Corporation

Founded by Herbert F. Rawll

230 PARK AVE., NEW YORK 17, N. Y.

**BUILDS CHARACTER • BUILDS SAVINGS
BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS**



FINGERTIP SELLING



This "Silent Salesman" Puts Your Message In Their Hands!

● Scripto pens and mechanical pencils keep your sales story at the fingertips of your prospects!

● Adgif offers you 40 fabulous models — ball pens with famed Rx® ink...pencils...sets—complete line!

● Eleven sparkling barrel colors... two tones... nine contrasting sales message inks!

● Perfect as "calling cards"... for grand openings... conventions... sales campaigns... gifts for visitors... to win jobber salesman and retail clerk cooperation.

● You can afford to use Scripto. Send this coupon now!

ADGIF COMPANY

A Division of Scripto, Inc.

P.O. Box 4847, Atlanta 2, Georgia

RUSH FACTS about using Scripto pens and pencils in my sales promotion activities. Please include prices. I understand there is no obligation.

NAME _____

TITLE _____

COMPANY NAME _____

COMPANY ADDRESS _____

CITY _____ STATE _____ B-1

The World's Largest Selling Line! Over 70 Million Pens, Pencils Sold in 1956!

ADVERTISING SPECIALTY SALESMEN! A few U.S. territories are still available. Direct sales only (no jobbing)... protected accounts... firm selling prices... 80% repeat business. Write in confidence to box number in coupon.

(CONTINUED FROM PAGE 12)

who devise "imaginative and original bank promotion displays based on the travel theme."

The only specific requirement for entry is that the contestant "build an exhibit making use of the American Express Panelrama Display in a window or other good traffic location, and keep it set up for at least two weeks."

Contestants send photos of their displays to the company, 65 Broadway, New York 6, N. Y. Closing date is Sept. 1.

For Researchers

GEORGE LESLIE HARRISON has given to Columbia University a collection of papers covering his tenure with the Federal Reserve System. Mr. Harrison had been legal secretary to Justice Oliver Wendell Holmes of the United States Supreme Court. He joined the Federal Reserve System as assistant counsel to the Federal Reserve Board two weeks before the Federal Reserve Banks opened, and left it in 1941 as president of the Federal Reserve Bank of New York.

The collection is to be known as "The George Leslie Harrison Papers

on the Federal Reserve System," and deals with the history of the nation's financial structure between 1914 and 1941. It will soon be made available to research scholars of finance and economics.

In a memorandum to University President Dr. Grayson Kirk, Mr. Harrison wrote that the papers "give an insight into the development and operations of this country's credit and monetary systems, domestic financial problems, foreign loans, and international credit relations. They record conversations and reports on foreign trips. They reflect the tensions and the negotiations between the bank, the Board, and the Treasury through the critical periods of inflation, the crash of 1929, the depression, and the years following, leading up to World War II."

J. L. C.

In the early days, the American Colonies used British money. Now the British use American money.

Just think of how many poor folks couldn't buy a horse and buggy in the old days because the idea of a dollar down wasn't known.

Valley National Bank of Phoenix, Ariz., again spearheaded a statewide observance of Canada's National Day, July 1. In 1951, R. G. Zepeda, who is vice-president in charge of the bank's international department, was asked by the Canadian consulate to help publicize the Day. Each year the Valley asks the Governor to issue a proclamation, and in radio announcements, newspaper ads, window displays and other media, it calls the holiday to Arizonians' attention. Some 6,000 ex-Canadians are now residents of the state. In the picture, Mr. Zepeda, right, shows Vic Wallace, president of the Canadian Social Club of Arizona, one of the bank's lobby displays in the home office



STATEMENT OF CONDITION

At the Close of Business June 6, 1957

ASSETS

Cash on Hand and Due from Banks	\$188,982,524.94	
United States Government Obligations	\$126,549,694.89	
Public Housing Authority Obligations (Fully Guaranteed)	4,493,307.43	
State, County, and Municipal Bonds	15,836,010.29	146,879,012.61
Other Bonds		3,867,383.52
Stock in Federal Reserve Bank		1,500,000.00
Loans and Discounts		346,724,451.29
Commodity Loans		4,602,112.78
Income Accrued		2,528,812.74
Letters of Credit and Acceptances		5,006,363.03
Banking House and Equipment		9,712,462.29
Other Assets		255,387.21
		\$710,058,510.41

LIABILITIES

Capital Stock	\$ 22,000,000.00	
Surplus Fund	28,000,000.00	
Undivided Profits	5,826,827.79	\$ 55,826,827.79
Reserved for Contingencies		7,344,309.80
Reserved for Taxes, Etc.		4,513,950.75
Deferred Income		1,717,125.82
Federal Funds Purchased		10,000,000.00
Letters of Credit and Acceptances		5,006,363.03

DEPOSITS:

Individual	\$130,823,062.14	
Banks	143,312,345.84	
U. S. Government	51,514,519.24	625,649,933.22
		\$710,058,510.41

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*Advisory Directors

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FIRST in DALLAS
for Personal Correspondent
Service

82nd year of growth through service to people



**NATIONAL BANK
in Dallas**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Lockheed Management answers your questions about:

Lockheed's Position in the Jet Airliner Field

1. Why isn't Lockheed building a jet-powered commercial airliner?

Lockheed is building one: the *prop-jet* ELECTRA, scheduled for first delivery in September, 1958. The *turbojet* pays off only where it operates efficiently—the fast, high-altitude, long-haul flights. The *prop-jet* is ideal for the high-density hop-skip-and-jump business of medium and short-haul flights. The two types are not competitive, but complementary.

2. Why is Lockheed building the Electra instead of a long-range turbojet airliner?

Two-thirds of passenger volume—and more in the immediate future—is in medium and short-range flights—a part of the business on which it has always been impossible for most airlines to make money. With deliberate intent, Lockheed and several leading airlines attacked this problem. Drawing upon its prop-jet experience as builder of the C-130 HERCULES—an experience unmatched in the U.S.—Lockheed designed the ELECTRA.

3. How does the Electra compare with latest models of piston-engine airliners?

Seat-cost-per-mile of the ELECTRA will be much lower. Compared to the latest piston-engine transports—Lockheed's included—the prop-jet ELECTRA will offer a 30% per-mile fuel saving. In ratio of payload to total weight, the ELECTRA tops *all* competitors, piston and jet. Passenger appeal will come from these ELECTRA facts: quieter, vibration-free ride;

larger seats; climate-controlled cabin; faster flights (60 m.p.h. faster than any airliner now in service).

4. Will the Electra be just an interim airliner or will it play a major role for years?

The prop-jet ELECTRA is not just a replacement aircraft. It is fundamental to the jet-age re-equipment cycle. To quote American Airlines' President C. R. Smith, the Lockheed ELECTRA is "designed to serve a growing and important part of air transportation, and I don't think there's any other airplane that will do that job as well." Orders for the ELECTRA should continue strong through the 1960's.

5. What airlines have bought the Electra?

Customers to date: American Airlines, Eastern Air Lines, Braniff International Airways, National Airlines, Western Air Lines and KLM-Royal Dutch Airlines. Orders to date: 133 planes valued at \$247,000,000.

6. Does Lockheed intend to build a commercial cargo version of the Electra?

At present the plans are indefinite—but Lockheed is studying a commercial cargo version of the ELECTRA's brawny brother, the prop-jet HERCULES. This is the C-130 combat cargo transport that has been in production two years at Lockheed's Georgia Division. The C-130 is now in service for the 18th Air Force and is being evaluated by the U. S. Marine Corps.

Powered by 4 Allison prop-jet engines, the

HERCULES develops 16,200 horsepower, possesses remarkable short take-off and swift rate-of-climb capabilities—enabling it to get into and out of the smallest commercial airports, anywhere in the world. The HERCULES cruises at 340 m.p.h., and its cavernous cargo compartment (9'4" x 10'3" x 41'5") can be quickly loaded via its tail-ramp door, which can be adjusted to truck-bed height or lowered to the ground to form a drive-up ramp for loading. These features, plus two years of proven reliability and low operating costs, should win for the commercial HERCULES as much favor with air cargo operators as the C-130 has won performing "feats of HERCULES" for the Air Force.

7. Does Lockheed intend to build a turbojet airliner? If so, when?

Lockheed is already building a pure-jet transport—a 4-engine utility jet transport/trainer with both military and commercial applica-

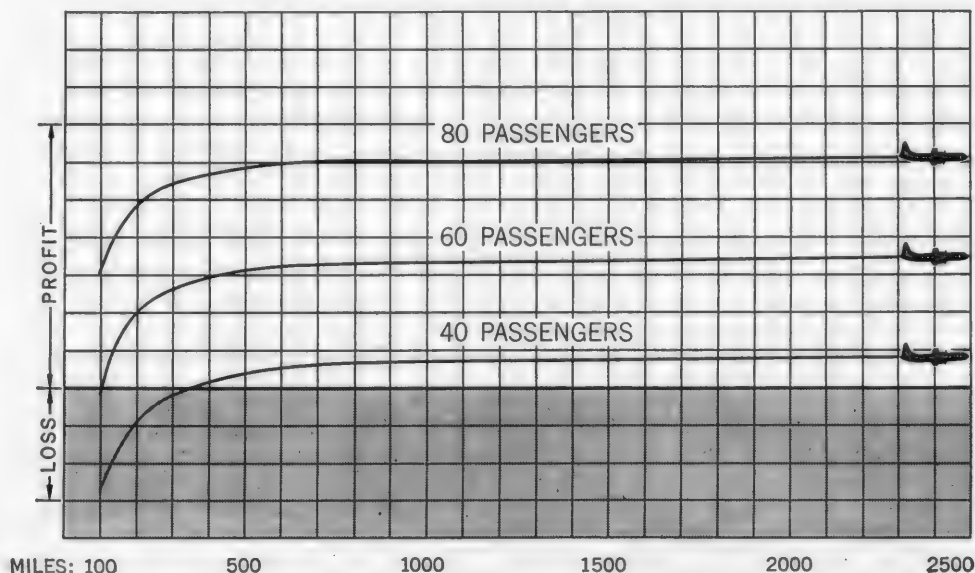
tions. Lockheed's airliner of the future probably will be supersonic to carry passengers across the world's oceans and continents at speeds beyond sound. When this plane flies is largely dependent on the development of new and more powerful engines.

• • •

Now, in the jet-powered field, Lockheed is busy building the Electra; the F-104 Starfighter (world's fastest jet fighter); the T2V-1 Sea-Star jet trainer; the UC-X, new turbojet utility transport/trainer; the C-130 Hercules prop-jet combat cargo carrier; the turbojet U-2 (a new type of aircraft for very-high altitude research) and developing new radar early-warning planes for the Navy and Air Force.

Lockheed's policy of wide diversification into all types of aircraft and advanced missile development has resulted in a backlog of \$1,533,469,000—of which 51% is Air Force, 20% Navy, 29% Commercial.

LOCKHEED ELECTRA: Passenger Load Profit Analysis



The above chart illustrates the ELECTRA's profit-making capabilities on flights of 100 to 2500 miles—under three different load conditions: 40, 60 and 80 passengers.

LOCKHEED means leadership

One of a series of messages addressed to the financial community of America

This department is compiled by
THEODORE FISCHER of BANKING'S
staff.

The Savings Banks Association of New Jersey has endorsed a national banker as candidate for treasurer of the American Bankers Association. He's ELWOOD F. KIRKMAN, president of the Boardwalk National Bank, Atlantic City, and a former president of the New Jersey Bankers Association.

SHIZUICHI MIZUHA has advanced to branch manager of the Wailuku Maui branch of Bank of Hawaii, Honolulu. MR. MIZUHA started his career with Bank of Maui in 1922 and transferred over when the bank was purchased by Bank of Hawaii in 1930.

Offers Assistance

THE UNITED STATES NATIONAL BANK of Omaha, Neb., having been through a big celebration of its 100th anniversary, has assembled a scrapbook summarizing the event, which it offers free to any business institution seeking help or information on anniversary planning and events. Copies are available from the Advertising Department, The United States National Bank of Omaha, 1612 Farnam Street, Omaha 2, Neb.

HARLOW B. FORD was promoted to vice-president and branch manager of Bank of America. He has been manager of the Paso Robles branch since 1942, and has been a banker for more than 40 years.

First National Bank of Minneapolis is to erect a new bank building on this plot, which until construction begins is called "Centennial Plaza" and is used for civic purposes. Shown here is a Navy exhibit including a jet plane and a scale model float of the USS Forrestal



Heard Along



G. T. Smothers



Herbert J. Sass



D. F. Quigley



Alan Petrie

G. T. SMOTHERS has been named first vice-president of the First National Bank of San Antonio, Texas. He was formerly executive vice-president of Bank of Texas, Houston.

HERBERT J. SASS has joined Southmoor Bank & Trust Company, Chicago, as a vice-president. He was until recently vice-president of the Consumer National Bank of Chicago, and is a former bank examiner for the Chicago Clearing House Assn.

"Pioneer" Customers Honored by Bank

FIRST SECURITY BANK of Glasgow, Mont., celebrating its 40th anniversary, has honored its 40-year customers with a dinner program in the community room of the new bank building. The room was named "The First Security Pioneer Room."

D. F. QUIGLEY is now a vice-president at the United States National Bank of San Diego, Calif.

ALAN PETRIE was named manager of the Portland, Oreg., office of The Canadian Bank of Commerce, succeeding B. S. DEACON, retired. MR. PETRIE was manager of the bank's personnel department at the head office in Toronto.

J. HARRIS MINIKIN has retired as treasurer of the Farmington (Conn.) Savings Bank. He has completed 50 years in banking, 40 of which were with Farmington Savings. CLARENCE B. LUND was named treasurer and chief executive officer. MR. MINIKIN will continue as president and member of the board.

The South Dakota Bankers Association held its 8th annual Junior Employee School at South Dakota University, Vermillion, July 23-26.

Genesee County Savings Bank and the Merchants and Mechanics Bank have merged to form the GENESEE MERCHANTS BANK & TRUST CO., Flint, Mich. GYLES E. MERRILL, president of the former Genesee Bank, heads the new institution. HARLOW H. CURTICE, president of General Motors, is chairman of the board. LLOYD H. DRAKE, former president of the M & M bank, was elected general vice-president. The bank has 16 offices, more than 300 employees.

RALPH N. LARSON, president of The Morris Plan Company of California, was elected president of the American Industrial Bankers Association.

Main Street



Leonard Ramberg



T. P. Coats

LEONARD F. RAMBERG has resigned as Minneapolis Postmaster, effective August 31, and on that date joins Northwestern National Bank of Minneapolis as assistant vice-president.

T. P. COATS, board chairman of First Western Bank and Trust Company, San Francisco, has also been elected president, following the resignation of HENRY VERDELIN.

Burgess to NATO

W. RANDOLPH BURGESS, heretofore Under Secretary of the Treasury, has been nominated by President Eisenhower as the United States' permanent representative on the North Atlantic Treaty Organization Council.

MR. BURGESS, who resigned as vice-chairman of the board of The National City Bank of New York to become Under Secretary of the Treasury, was president of the American Bankers Association in 1944.

JOHN A. STANTON was elected president of the Bank of Babylon, N. Y., succeeding GUILFORD C. ABBOTT, who became board chairman. MR. ABBOTT succeeds PERCY ARINK, who resigned after serving as chairman for three years and as a director for 25. MICHAEL J. RYAN was elected to the vice-presidency left vacant by MR. STANTON's promotion to president.

THOMAS M. MURPHY, assistant cashier and assistant secretary of American Trust Company, San Francisco, is newly elected president of

the Mortgage Bankers Association of Northern California.

J. S. HANDFORD has advanced to vice-president of the Federal Reserve Bank of Kansas City.

The FIRST NATIONAL BANK of Atlanta entertained at a fourth annual luncheon the new members of the Million Dollar Round Table, life underwriters who sell \$1,000,000 worth of life insurance in a single year.

AL BONNIE, JR., of The Lincoln Savings Bank, Brooklyn, was general chairman of the recent "Gil Hodges Night" honoring the Brooklyn Dodgers first baseman. The bank is a co-sponsor of the Happy Felton Knot-Hole Gang TV show which precedes every Dodgers game played in Brooklyn.

BRISON C. TUCKER has advanced to the newly created position of executive vice-president of the Eutaw Savings Bank of Baltimore, Md. MR. TUCKER has served the Savings and Mortgage Division of the A.B.A. as a member of its executive committee and as chairman of its investments committee. The bank at the same time announced the promotion of DONALD H. WILSON to vice-president; and Treasurer J. EDWARD



J. P. Morgan & Co. Incorporated gets "one-piece" layout at "the Corner" through purchase of adjoining 38-story building at 15 Broad Street, New York

WHITE, JR., was elected vice-president and treasurer.

W. W. COOK was elected president of The Beatrice (Neb.) National Bank, succeeding E. C. AUSTIN, who died suddenly on June 8. J. STEWART ELLIOTT was elected senior vice-president. MR. COOK is the third generation of his family to serve as president of the bank. D. W. Cook, Sr., was second president; D. W. Cook, Jr., was fourth president. MR. W. W. COOK is the sixth president.

Southern California alumni of the Pacific Coast Banking School have agreed to form a permanent organization which will meet not less than

William H. Burns, right, executive vice-president of First National Bank of Cedar Lake, Ind., greets first customers at bank's new drive-in



New Blood For Old Businesses

Your business and financial papers report frequently on moribund businesses which, with new management, suddenly take on the bloom of youth.

You know of once-prosperous businesses in your own community which are slowly dying. Contributing factors may be age, illness, "other interests", or just plain laziness or indifference.

When American Equitable Corporation locates buyers for such businesses, present owners once more have liquid funds for investment—and new owners must show enterprise and ability to earn back their capital and to build back the businesses.

Any way you figure it, new investment blood contributes to the social and financial welfare of your community.

AMERICAN EQUITABLE CORPORATION

35 East Wacker Drive
Chicago 1, Illinois

once a year. These temporary officers were elected: *president*, JOHN W. LUHRING, vice-president, Union Bank & Trust Co. of Los Angeles; *secretary*, KENNETH E. RITTER, assistant vice-president of the same bank.

GEORGE W. McKEAG was elected a vice-president of Broad Street Trust Company, Philadelphia. He was formerly president of Prospect Park State Bank, which has merged with Broad Street Trust.

GEORGE O. NODYNE, president of the East River Savings Bank, has been named president of The Hundred Year Association of New York, an organization composed of 340 firms located in New York City which have had a continuous existence of a century or more.

WALTER C. WULFF has advanced to vice-president of Fidelity Union Trust Company of Newark, N. J. WILLIAM F. GREENLEY became second vice-president.

UNION COUNTY SAVINGS BANK, Elizabeth, N. J., has broken ground for a new branch office of modern design, the bank's first branch. Construction is to be completed in time to coincide with the celebration of the bank's 75th anniversary next year.

At the Federal Reserve Bank of Boston, BENJAMIN F. GROOT and GEORGE H. ELLIS were appointed vice-presidents; WILLIAM R. KING



UTAH

F. C. Packard, president, Springville Banking Company, is 1957-58 president, Utah Bankers Association

became assistant vice-president; and PARKER B. WILLIS was appointed economic advisor.

MAX A. GREINER advanced to trust officer of Hartford (Conn.) National Bank and Trust Company. WALTER T. HYER became assistant trust officer.

The First Ohio Junior Bank, Cleveland, a Junior Achievement Company, counseled by SOCIETY NATIONAL BANK of Cleveland, has been chosen the outstanding Junior Achievement Bank in the country, it was announced following national

(CONTINUED ON PAGE 22)

Discussing promotion of sale of Savings Bonds to women are, *left to right*, Mrs. W. Randolph Burgess; Dorcas Campbell, of East River Savings Bank, New York; and Ivy Baker Priest, Treasurer of the United States, at a meeting of women leaders in Washington





MEMBER F.D.I.C.



When Mr. Penfield saw the sunset

The sunset flamed across the field of new soy beans, glinted on the glossy herd of Guernseys and burnished the year-old tractor that Jake Agnew drove toward the freshly painted barn. And Mr. Penfield, farm representative at The Anytown Bank, smiled on the scene of success.

"A good loan!" Mr. Penfield observed with satisfaction, remembering how Jake and he had planned it for crops, cattle and new machinery to rejuvenate the old Agnew place. Just two years ago! He shook his head as he got in his car, marveling at the plenty The Bank's loan had wrought in so short a time.

Driving home in the sunset, Mr. Penfield recalled the concluding words of his speech (and the applause from the fine young future farmers) the week before at State College, his alma mater: "You who love the land, who are willing to work, who will take intelligent advantage of diversified, scientific farming . . . will always find an understanding, and farsighted, friend in The Bank."

Mr. Penfield kissed his wife at the door, and she followed him upstairs.

"Mr. Allingham called," she reported, laying out his white shirt and blue tie. "He said he'd decided in favor of the loan for the cannery."

"He did?" Mr. Penfield smiled through the lather as he shaved.

"Yes." Mrs. Penfield smiled, too. "He said better living in the winter means better farming in the spring. Just what you've been telling him for 20 years!"

"Come now, Alice," Mr. Penfield chuckled. "As Mr. Allingham says, The Bank has always believed in better living—for better farming and better business, too. And as president of The Bank, he ought to know."

Dressing, Mr. Penfield looked out of the upstairs window at the final glow of the departed sun. The sun never sets, he reflected with pride, on The Bank's work for better farming and better living.

THE *First* NATIONAL BANK OF ATLANTA

This is another in a series of advertisements dedicated by The First National Bank of Atlanta to—the people at *your* bank.

Canadian business reports from The Bank of Nova Scotia



Monthly Review

THE BANK OF NOVA SCOTIA

Each month, The Bank of Nova Scotia discusses some current topic of economic interest affecting Canadian business in the pages of its Monthly Review.

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Company

The Squeeze on Liquidity.....☐

Problems of Growth—The Gordon Commission.....☐

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Testing Time for Prices.....☐



Richard J. Vogt



Harris A. Dunn

MAIN STREET (Continued)

awards contests held in Philadelphia.

RICHARD J. VOGT, formerly president of the Indian Head National Bank of Nashua, N. H., has joined The First National Bank of Miami, Fla., as assistant to the president. The bank announced these promotions, also: DWIGHT W. HOSTETTER to vice-president and trust officer; WILLARD R. BROWN, vice-president and senior trust officer; ALFRED W. THOMPSON, vice-president and trust officer; and JAY KNOX, vice-president and trust investment officer.

HARRIS A. DUNN has retired as chairman of the board and as a trustee of The Bowery Savings Bank, New York, after 58 years in banking. He was president of the North River Savings Bank, when it was merged with The Bowery in 1949, and he then became vice-chairman of the consolidated institution.

Norwalk (Calif.) Commercial and Savings Bank has merged with and

WASHINGTON

Wm. Wernz, president, Bank of Fairfield, is 1957-58 president, Washington (State) Bankers Association



BANKING



Geo. W. Geuder



Herbert Lomax

become the 61st office of CALIFORNIA BANK, Los Angeles.

GEORGE W. GEUDER was elected vice-president at Provident Tradesmens Bank and Trust Company, Philadelphia; HERBERT LOMAX succeeds him as treasurer.

FIRST NATIONAL BANK OF ARIZONA has opened in Casa Grande its 41st office.

CITIZENS' NATIONAL TRUST & SAVINGS BANK of Riverside, Calif., has opened in Redlands its 24th branch.

UNION COMMERCE BANK, Cleveland, held a week-long opening of its newest office in a shopping center in the southeastern section of Greater Cleveland.

HARVARD TRUST COMPANY is now in its new main office building in Harvard Square, Cambridge, Mass. It is the first new main office built by a bank in the area in over 50 years. The bank isn't far from its 100th anniversary, for it had its beginnings in old Cambridgeport the

MAINE

J. Malcolm Stanley, vice-president and cashier, Kezar Falls National Bank, is 1957-58 president, Maine Bankers Association



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Industrial Finance

EST. 1902

FOREIGN EXCHANGE BUSINESS

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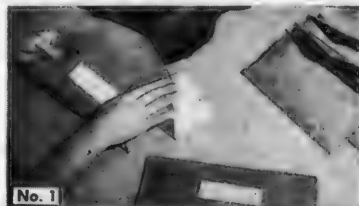
Now National City's night transit system is faster than ever

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

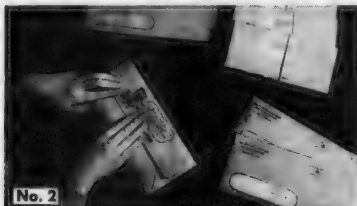
NATIONAL CITY BANK
of Cleveland

623 EUCLID AVENUE, CLEVELAND 1, OHIO
Member Federal Deposit Insurance Corp.

WHICH PICTURE REPRESENTS A 20% MAIL ROOM* SAVING?



No. 1



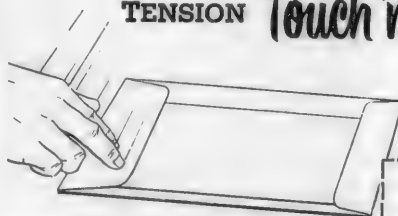
No. 2

* In the General Office, too.

No moisture. No complicated sealing procedures regardless of bulk! Tension Touch 'n Seal envelopes (Picture No. 2) seal instantly when the flap is touched to the body. They eliminate at least TWO complete steps in mail-room operation. Ideal too for the smaller operations where postage meter equipment does not seal envelopes. Let us send you FREE samples and our FREE work-cost chart. See how Tension Touch 'n Seal Envelopes can more than pay their way by reducing mail handling labor up to 20% or more.

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day following Lincoln's inauguration in 1861.

The **FIRST NATIONAL BANK** of Pullman, Wash., has celebrated its 70th birthday. There was a birthday cake, oratory, special events, an open house. Prior to the anniversary the bank put into circulation 120 one-dollar bills and kept track of the serial numbers. These were exchangeable for \$2 each at the open house.

HOLCOMB (Ill.) STATE BANK celebrated its 65th anniversary with an open house on July 6.

JAMES B. SHEA, assistant vice-president in the mortgage loan department of Valley National Bank, Phoenix, was elected president of the Arizona Mortgage Bankers Association.

R. A. BROWNSWORD was promoted to the new position of executive vice-president of the Dime Bank of Akron, Ohio. He's an alumnus of The Graduate School of Banking.

The **FIRST NATIONAL BANK**, Plano, Texas, held open house on July 27 to celebrate its 70th anniversary. There was music, also refreshments, door prizes, orchid corsages.

The **PERRY (Mo.) STATE BANK** recently sponsored a successful finance forum at which a guest was W. H. Krigbaum, who was celebrating his 100th birthday on that day.



NEW HAMPSHIRE

John W. Archibald, executive vice-president, Laconia Savings Bank, is 1957-58 president, New Hampshire Savings Banks Association

WILLIAM G. LIVINGSTON, formerly executive vice-president, was elected president of the City and County Savings Bank, Albany, N. Y., succeeding the late **JOHN BOYD THACHER 2D.**

ROY M. HUFF has advanced to vice-president and senior trust officer of the National Bank of Tulsa, Okla., and **FRANCIS G. HAWKINS** advanced to vice-president and trust officer.

DUNCAN NEWELL, JR., heretofore vice-president and trust officer of the First Portland National Bank, (CONTINUED ON PAGE 26)

STATE ASSOCIATION PRESIDENTS

Left to right: **NEW YORK**—Richard S. Perkins, vice-chairman of the board, The First National City Bank of New York; **SOUTH DAKOTA**—John M. Ryan, president, First National Bank of the Black Hills, Rapid City





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MAIN STREET (Continued)

Portland, Maine, has been named vice-president in charge of the new trust services division of the National Bank of Toledo, Ohio.

MAARTEN VAN HENGEL was appointed an assistant manager in the foreign investment department of Brown Brothers Harriman & Co., New York. He was educated in Holland, Switzerland, and Austria. His father, the late A. J. van Hengel, was managing director of the Amsterdamsche Bank and the Rotterdamsche Bank in Holland and the Creditanstalt-Bankverein in Vienna.

ARTHUR V. TOUPIN has been promoted to trust officer at the San Francisco head office of Bank of America. He's a former president of the San Francisco Junior Chamber of Commerce.

MRS. ELDA W. SPEIDEL, assistant secretary of Berks County Trust Company, Reading, Pa., retired on June 30. She was guest of honor at a dinner party given by senior executive personnel of the bank.

MYRON T. WILE, vice-president in charge of business development and public relations at The Citizens Savings Bank and Trust Co., Hamilton, Ohio, has left the bank to become vice-president and business manager of Radio Station WSRS in Cleveland.

HERBERT PERLMAN, of the credit department of the Chemical Corn Exchange Bank, New York, has completed studies at the New York University Graduate School of Business and has received the degree of Master of Business Administration (M.B.A.).



John J. Buckley



Roger A. Saxton



J. R. Greene



Harry Barrand

JOHN J. BUCKLEY and ROGER A. SAXTON were promoted to vice-presidencies at East New York Savings Bank, Brooklyn.

EARL A. PATCH has been named president of Third Northwestern National Bank, Minneapolis. RALPH A. EMERSON was elected vice-president and board member, and PAUL L. HESSELROTH became vice-president and cashier. MR. PATCH succeeds in the presidency the late GEORGE M. CHRISTOFERSON, who had been president since 1945. He's an alumnus of The Graduate School of Banking.

William Enstrom

WILLIAM N. ENSTROM, chairman of the executive committee of Irving Trust Company, New York, died of a heart attack in New York on June 30.

MR. ENSTROM was president of Irving Trust Company from 1942 to 1949, when he became chairman of the board. He announced his retirement from the latter post last January 31, and became executive committee chairman. He was a member of the Executive Council of the American Bankers Association.

DON G. WELLER, public relations officer of the Meadow Brook National Bank, West Hempstead, N. Y., has been promoted to vice-president.

HARRY P. BARRAND, JR., vice-president of The Hanover Bank, New York, has been appointed chief administrative officer of the bank's foreign department, to succeed BASIL HWOSCHINSKY, senior vice-president, on the latter's retirement December 31. JAMES R. GREENE was elected a vice-president in the foreign department.

GEORGE V. CHRISTIE, vice-president of the First National Bank of Arizona, Phoenix, has been elected an honorary member of the University of Arizona chapter of Beta Gamma Sigma, honorary commerce scholastic society. Only one such membership can be conferred each year on the basis of "outstanding ability and accomplishment in the field of business and distinguished public service."

SUMMIT (N. J.) TRUST COMPANY plans an addition to its main office which will include a drive-in window.

Two Richmond bankers have been named to the Advisory Council on the Virginia Economy by Governor Thomas B. Stanley. J. HARVIE WILKINSON, JR., executive vice-president of State-Planters Bank of Commerce and Trusts, and T. C. BOUSHALL, president of the Bank of Virginia, were appointed for 3-year terms. MR. WILKINSON serves also on the

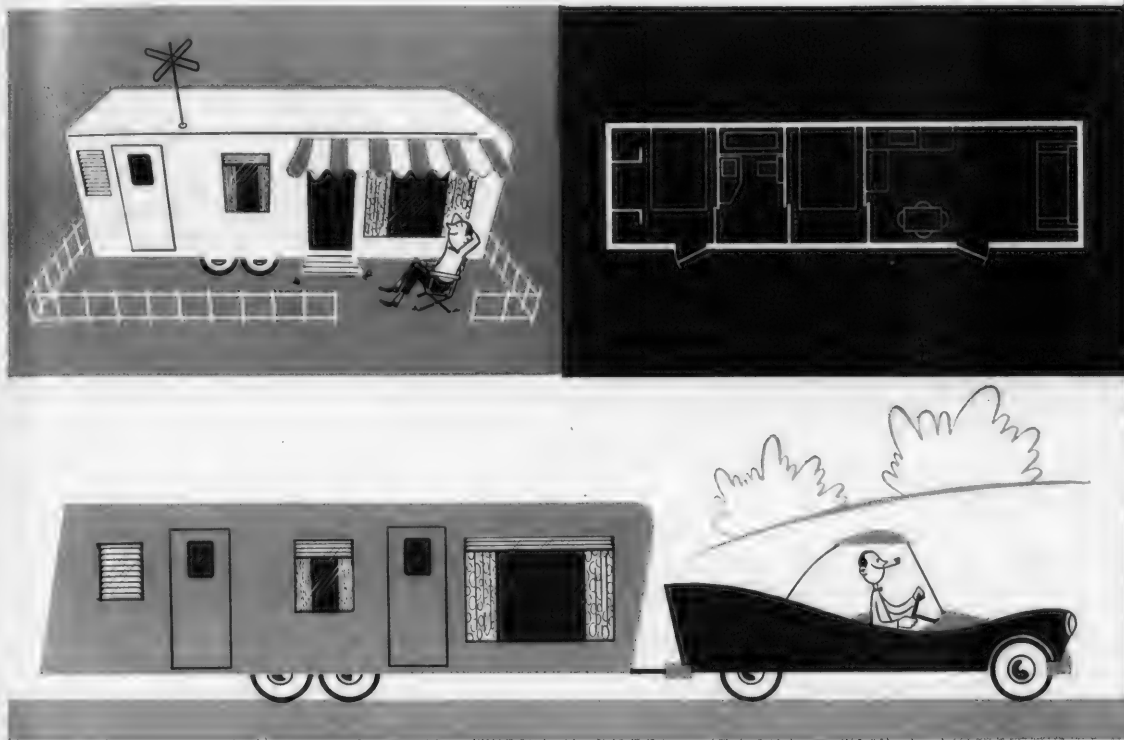
(CONTINUED ON PAGE 28)



A portion of the spacious new employee lounge and 400-seat dining room of The Hanover Bank's main office in New York. There's a TV and film room, quiet room for reading, card room. All are across street from bank building, connected by covered bridge. The kitchen prepares for other Hanover offices, too



Any way you look at it...
it's a mobile home



Any way you look at mobile home insurance **Old Republic** has the answer

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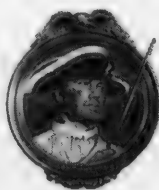
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MAIN STREET (Continued)

Governor's Commission to Study Industrial Development in Virginia.

BANK OF AMERICA (INTERNATIONAL), San Francisco, has opened a branch in Guatemala City, Guatemala.

CITY NATIONAL BANK of Beverly Hills, Calif., has secured a charter for a new branch office in Palm Springs, its fourth charter in six months. The other three branch offices are open and operating in temporary quarters while permanent structures are being built.

ROBERT W. WILLIAMS has been appointed advertising manager of La Salle National Bank, Chicago. He is treasurer of the Chicago Financial Advertisers Association and is active in FPRA.

RICHARD B. LOOMIS, vice-president and secretary of the Brooklyn Union Gas Company, has been elected executive vice-president of the South Brooklyn Savings Bank, Brooklyn, N. Y. He has been a trustee of the bank for several years.

The Royal Bank of Canada, Montreal, has announced appointment of H. M. GRINDELL as supervisor of branches in Cuba, succeeding the late A. V. BURN. J. B. MILLER, formerly second agent with Royal Bank's New York Agency, succeeds Mr. GRINDELL as supervisor of

branches in the Dominican Republic, Haiti, and Puerto Rico, with headquarters in Ciudad Trujillo, D. R. A. A. JOHNSON has been named to succeed Mr. MILLER as second agent in New York, and R. M. CATTEL becomes first assistant agent in New York.

VICTORY NATIONAL BANK, Nowata, Okla., has purchased three fire-ravaged properties, one of which it had occupied on a rental basis, on which it will construct a fine new building. It is now in temporary quarters. The purchased property was originally one building, later held by three separate owners.

Some 2,500 employees brought in roses for the Fifth Annual Financial District Rose Show in Seattle. Sidewalk signs marked the exact locations of the displays, and hostesses distributed roses to customers and visitors. Participating were 23 banks and other financial houses.

Alexander Wall

ALEXANDER WALL, 78, retired secretary-treasurer of Robert Morris Associates, died at his home in Drexel Brook, Pa., on June 24. He was a founder of Robert Morris Associates, the national organization of bank loan officers and credit men, and was active in its affairs for 30 years. He was long active in banking education and had been an instructor at The Graduate School of Banking.



NEW JERSEY

William E. Thomas, vice-president and treasurer, Provident Institution for Savings, Jersey City, is 1957-58 president, New Jersey Savings Banks Association

With the opening of its new Civic Center office in temporary quarters, the FIRST NATIONAL BANK of San Jose, Calif., brings its offices to 10.

First Family, employee magazine of FIRST NATIONAL BANK IN DALLAS, was awarded first place for cover design in the 1957 Red Cross contest for industrial publications. Editor is: MRS. JIMMIE JEAN OWEN.

ROBERT D. SAVAGE was appointed vice-president of Old Kent Bank and Michigan Trust Company, Grand Rapids. He was formerly with Harris Trust and Savings Bank of Chicago.

(CONTINUED ON PAGE 31)

STATE ASSOCIATION PRESIDENTS

Left to right: VIRGINIA—Shirley T. Holland, executive vice-president, Farmers Bank, Windsor; IDAHO—J. Grant Bickmore, executive vice-president, Idaho Bank & Trust Co., Pocatello; DISTRICT OF COLUMBIA—Frank A. Gunther, executive vice-president, The Security Bank, Washington



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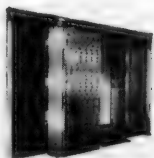
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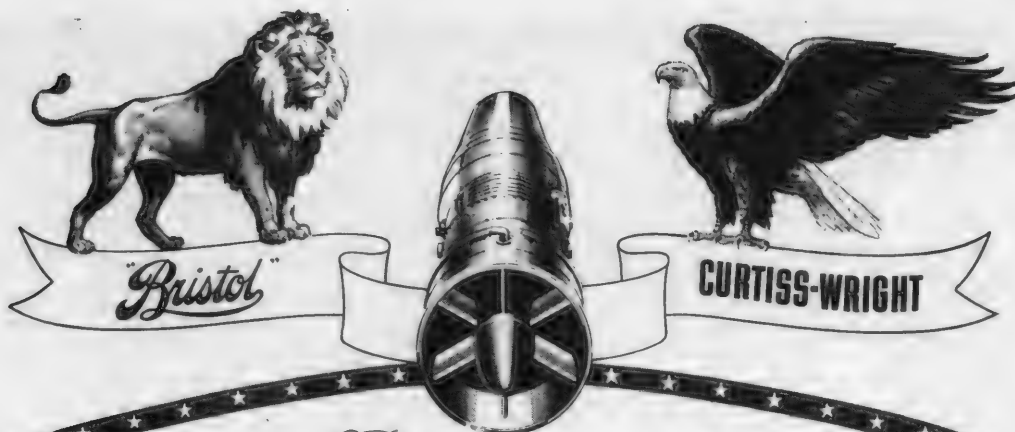
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Presenting the **ZEPHYR**

The recent demonstration of the new Zephyr jet engine for commercial transports, at the Curtiss-Wright Research and Development Center, Quehanna, Pa., created many requests for data on how this engine works.

• The Zephyr was developed in England by Bristol Aeroplane Co., Ltd. in collaboration with Curtiss-Wright. It has had 30,000 test stand and 5,000 flying hours. It is the first engine designed specifically for subsonic commercial jet airliners, all others to date being designed primarily for military use at supersonic speeds.

The Zephyr develops 5 lbs. thrust per lb. of weight. Its turbine and combustion areas operate several hundred degrees below other jet engines—therefore are not subject to thermal shock and fatigue, creep, or distortion. The resultant long, trouble-free life provides for high utilization, without the penalties the military accepts to get all-out performance.

The Zephyr's "cool engine" design gives lowest possible fuel consumption at cruise. It uses just half the fuel of other jet engines at idle, because of lower idle speed.

The Zephyr's "quiet engine" design gives 20% slower jet gas exhaust, through a larger nozzle. Also, a fluted noise suppressor breaks up the noise-generating and carrying capacity of the jet by producing air shearing over a 50% larger periphery in the nozzle—without reduction of engine performance.

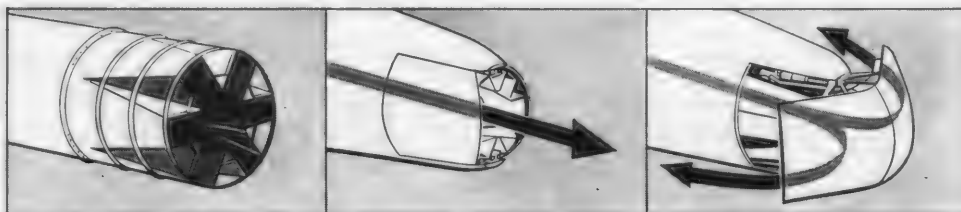
The Zephyr is fitted with a thrust reverser that cuts dry runway stops 35%; icy runway stops 70%. The reverser permits higher altitude approaches, plus air braking for more direct and quiet landings. Full power for emergency go-around is instantly available.

Zephyrs in a modern jetliner will result in a 10,000 lb. reduction in takeoff gross weight, 3,000 lbs. lower fuel consumption New York to Los Angeles. A fleet of 10 Zephyr-powered planes should use \$500,000 less fuel yearly. Water injection and related apparatus are not required. The Zephyr's performance has been matched to jet transport requirements, and permits takeoffs from any principal U. S. airport, regardless of temperature and altitude.

The Zephyr's designed-in quietness will not disturb the community as do military type jet engines.

Due to low temperatures, hot-end replacements should be reduced \$10,000 per engine yearly, and the increased reliability will provide high utilization with resultant increased earnings.

The Zephyr meets the needs of the airlines to a greater extent than any jet powerplant, and is designed to win the full acceptance of both industry and the public.



The fluted noise suppressor of the Zephyr makes a quiet engine quieter. Noise is below current transport engines, and far under military jets.

The new Curtiss-Wright thrust reverser is installed around the noise suppressing nozzle and does not affect engine power or performance.

In closed position, the reverser deflects gases forward to shorten landing runs as much as 70%—permitting operation from existing runways.



CURTISS-WRIGHT

CORPORATION
WOOD-RIDGE, N. J.

MAIN STREET (Continued)

DOUGLAS MCGINNIS has advanced to manager of the Weiser (Idaho) office of The Idaho First National Bank, Boise, succeeding C. L. Moss, retired.

WILLARD C. KIMM was appointed public relations manager, and BARRY MARSHALL became advertising assistant at County Bank, Paterson, N. J.

WALTER A. HOWE has been elected comptroller and JAMES E. DORSEY, JR., assistant vice-president at First National Bank of Minneapolis.

GIRARD TRUST CORN EXCHANGE BANK, Philadelphia, has become sponsor of a twice-weekly TV news show to emphasize the number and locations of its branch offices throughout the Philadelphia area. Between now and the end of the year, the bank plans to open three new offices which are now under construction. In addition, five other offices will be added when two mergers become effective in the fall, making a total of 25 offices in the city and its suburbs.

EDWARD K. BLOCK has advanced to comptroller of the United States Trust Company, New York.

The Brecksville (Ohio) Bank and its branch at North Royalton are now offices of CENTRAL NATIONAL BANK of Cleveland.



C. F. French, Jr.



R. E. Sibley

CHARLES F. FRENCH, JR., vice-president of Manufacturers Trust Company, has been elected president of the New York Chapter of Robert Morris Associates. Other officers elected: first vice-president, J. B. REBOUL, Chase-Manhattan Bank; second vice-president, WILLIAM E. SCOTT, Irving Trust Company; treasurer, PRESTLEY E. McCASKIE, Schroder Trust Company; and secretary, GAUIS W. MERWIN, Manufacturers Trust Company.

ROBERT E. SIBLEY was appointed to the newly created post of publicity director for the Citizens & Southern Banks in Georgia.

Placer County Bank, Auburn, Calif., is now a branch of THE BANK OF CALIFORNIA, Los Angeles.

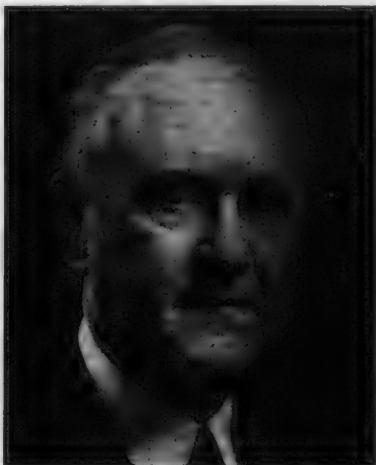
THE HONGKONG AND SHANGHAI BANKING CORPORATION OF CALIFORNIA, San Francisco, has opened an office in Los Angeles.

THE BANK OF HENRICO, Sandston, Va., has opened an office in Highland Springs.

(CONTINUED ON PAGE 120)

STATE ASSOCIATION PRESIDENTS

Left to right: MICHIGAN—C. Lincoln Linderholm, president, Central Bank, Grand Rapids; VERMONT—Edmund P. Shaw, vice-president and treasurer, Killington Bank and Trust Company, Rutland



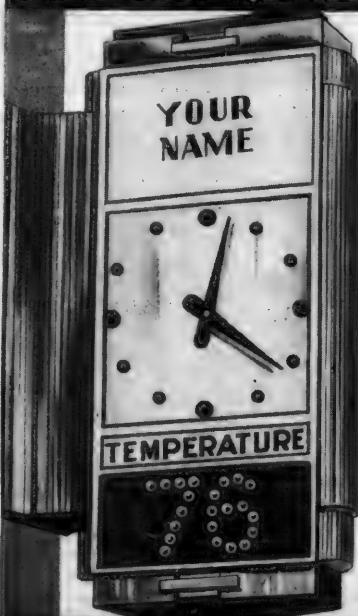
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Steelaire Home. The entire structural frame of this house is made from tough, cold-formed steel, so it is unaffected by rot, fungus, and termites. Even more important is the fact that the steel frame resists warping and sagging. It's one of a line of *Steelaire* homes and is made by the U. S. Steel Homes Division of United States Steel.



World's Biggest Crowd. On power shovels, a "crowd" is the arm which moves the dipper and dipper-stick forward and back. It coordinates closely with the lift motion of the dipper, and is a key part in the operation of the shovel which must withstand extremes of stress at any temperature. This is a picture of the biggest crowd ever built, now installed on the biggest power shovel in the world. It's made from USS "T-1" Steel, the remarkable new constructional alloy steel developed by United States Steel. An exceptionally strong and tough steel, it is noted for its welding characteristics. "USS" and "T-1" are registered trademarks.



Slap That Bermudavarius! The Talbot Brothers of Bermuda, famous for their colorful calypso music, recently retired their homemade packing-case "bass viol," and proudly premiered in its place the world's first Stainless Steel bass viol (or dog house or Bermudavarius, as it's customarily referred to). An exact replica in USS Stainless Steel of their original homemade design, it was built for them under U. S. Steel's supervision by a well-known manufacturer of Stainless Steel sinks who commented that the fabricating job wasn't difficult—but certainly was *different*.

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7-2213

The OUTLOOK and CONDITION OF BUSINESS

WHILE banking opinion across the nation, as shown in the latest survey of the Association's Credit Policy Commission, was almost completely optimistic, a feeling of caution seems increasingly evident even within the few weeks since the survey was made.

For instance, the survey said:

"The extraordinary thing about the current picture is the almost total absence of exceptions to the hopeful consensus. To be sure, there are references to inflationary pressure, a profit squeeze, and resulting keen competition. But these seem underemphasized in view of their importance. Even automobiles, housing, and agriculture seem to give less concern than at any time in the last year or so."

Meanwhile the general level of business activity declined a little, but not much, from the 1957 peak reached around mid-year. It may be a summer lull, although seasonal lulls have tended to go out of fashion lately. Also, this reappearance of caution does not seem related so much to indexes and statistics as to less tangible things, such as misgivings about the Treasury's fiscal problems, the perennial inflation threat, or possibly the recent unsettling decisions of the Supreme Court. In any case the feeling is hard to define or appraise and may be simply the reaction of economic Puritans against too much economic happiness.

Other Side of the Coin

The reasons for optimism have been so highly publicized that it might be well to devote this limited space to a cursory look at the other side of the coin.

Doubts and misgivings have been expressed often and variously in recent weeks. Two examples will suffice. Representative Clarence Cannon of Missouri, chairman of the House Appropriations Committee, said:

"We are headed at hurricane speed for larger [Government] costs and larger taxes in every department, and the alarming thing is that nobody seems alarmed."

Henry Heimann, executive vice-president of the National Association of Credit Men, said it would be better to ease up on the throttle occasionally "in mindful-

ness of the danger that goes with constant and excessive speed." He also pointed out that the Treasury sought in every way to organize the debt structure better, but it "proved a practically impossible task in a political economy."

On this point the Economic Research Department of the U. S. Chamber has been repeatedly calling attention to the astonishing amount of fuzzy thinking on the part of economists and editorial writers as to the effects of tight money.

Political Football

Those who expect this year will equal or exceed 1956 and those who expect and fear a paralyzing inflation are both looking at the same figures.

The fact that inflationary pressure on prices continues in spite of tight money is all that it takes to create a political football of the highest quality, guaranteed against wear and tear. Can't the same logic and the same irrefutable facts be used to prove (a) money is too tight and (b) money is not tight enough?

Under the circumstances it is safe to predict that the output of the Government Printing Office with reference to the economic state of the Union will reach an all-time high, and so will the volume of highly authoritative confusion.

First on the "caution list" is the Government's task of financing itself. No one with real knowledge of the subject presumes to understand fully the inner mysteries of money and credit, in the sense of knowing just what policies will produce what results. The whole process is so much a part of unpredictable public psychology and erratic international events that, as someone said about Russia, there is no understanding of the subject, just varying degrees of ignorance.

In spite of every effort by extremely competent Treasury and Reserve officials to lengthen the maturity of the Federal debt, the short-term part of it has increased greatly.

Consequently, with business wanting more and more
(CONTINUED ON PAGE 160)



Senator Byrd (left) with Secretary Humphrey, who was the Finance Committee's first witness in its fiscal policy study

A.B.A. "Contributions"; Hearings; End of Session

HERBERT BRATTER

THE American Bankers Association has only one president to give to its country—in any one year—and this year proudly gives Erle Coker, who in late September will be sworn in as a member of the FDIC. Bearing an exceptionally distinguished and varied record, he was passed by the Senate Banking and Currency Committee after only the briefest questioning by Chairman Fulbright of Arkansas and Senator Robertson of Virginia. The two Georgia Senators came in person to testify on Erle's behalf. Those in the audience familiar with English as it is spoken south of Washington noted the favor with which Mr. Coker was received by the legislators.

An outstanding ex-president of the A.B.A. is going to NATO as U. S. Ambassador. Undersecretary Burgess' successor at the Treasury has not yet been named. Although it is said to be unwise to change horses

in the middle of a stream, the Treasury is changing bosses in the middle of a torrent of questions being aimed at its outgoing chief by the Senate Finance Committee. What was, at the outset, proclaimed to be the most thorough study of its kind since the National Monetary Commission headed by Senator Aldrich in 1908-12 has overrun its left and right banks and spread into a morass of swampy by-paths, some of them being the private pasture of the Senate Banking and Currency Committee. The latter group's chairman may yet be heard from on this encroachment. If the dwindling of attendance is a clue to public interest in debt management and money rates, well—this show lags very far behind the teamsters'.

The House hearings on banking legislation are of even less general interest, but highly important to banking. On this, more below. Among other Capitol developments:

the Senate and House hope to reach a compromise agreement on legislation relating to the Small Business Administration, despite the civil rights filibuster. This involves the question of whether to make SBA permanent, the interest rate it should charge, and removal of the ceiling on rates charged by participating commercial banks. Senator Capehart's bill, S. 2427, to insure greater consistency among Federal loan programs, avoid interest-rate subsidies, and coordinate loan programs with fiscal and credit policies has come rather late for action this year.

Treasury Financing

Mr. Burgess' last big Treasury job before leaving to assume his new post as U. S. "permanent representative" on the NATO Council was to prepare for the big August financing. This involves the \$12,056,000,000 August 1 maturity of 2¾% notes, of which the Federal

Reserve holds some \$8,000,000,000, and the August 15 maturity of \$3,792,000,000 of 2% notes, none of which are in the Fed. Commercial bank holdings of the two issues aggregate about \$2,500,000,000, of which about \$1,700,000,000 are the 2s. The other big financing remaining to be handled this year involves the \$7,300,000,000 October 1 maturity of 3¾% certificates, \$6,000,000,000 being held by the Fed. On the same date the usual exchange note will be issued, amounting to about \$800,000,000, of which the Fed holds \$700,000,000. Since the Treasury will need new cash by October, an additional financing about the middle of that month is a strong likelihood.

Finance Committee's Inquiry

The Senate Finance Committee's inquiry into debt management and monetary policy is well into its fourth week as we write, and the only witness thus far has been Secretary Humphrey. A not very subtle aura of politics has surrounded the investigation from the very start. Democrats claim the Secretary set the tone in his 50-page prepared statement on the opening day, which is true enough; while others point to the political overtones of earlier hearings in the same committee when the question of authorizing an increase in the ceiling on Savings Bond interest was being considered. In a prepared statement taking note of the charges of "politics," Senator Robert S. Kerr (D., Okla.), the Administration's sharpest antagonist to date, expressed himself as "amused but somewhat puzzled by loud wails from many sources seeking political advantage by crying 'politics'."

"What is politics but the process of determining which policies will benefit or harm the economic well-being of the people?" Sen. Kerr asks. Whether the people will get a clear picture of the wrong and the right policies from the transcript of the hearings is open to serious question, in the view of one who has been attending the sessions. Indeed, some of the questioning, not least from the Republican side, would seem to make an awfully good case for the viewpoint that the place to investigate monetary policy is in the banking and currency committees. What is now going on in the Finance Com-

mittee is a far cry from the non-partisan commission of experts originally proposed by President Eisenhower.

Secretary Humphrey's opening statement, the reading of which occupied the first session of the inquiry, was evidently intended as his official swan song. By the time Senator Kerr had finished probing it with his sharpest shafts, Mr. Humphrey impressed auditors as being much more subdued than his usual confident and vigorous self. Partly, this is explainable by the fact that the inquisitor, pouring detailed questions of fact and figures from his high bench, has the advantage over the "defendant," rapidly leafing through his records in the well. Partly it is due to the fact that any pair of antagonists can draw divergent sets of conclusions from almost any set of figures. Also, when questions on details of debt management were tossed at him, Mr. Humphrey did not have at his side Under Secretary Burgess to add his testimony.

What kind of a harvest the politicians will reap from the Senate inquiry it is too early to foretell. The Democrats make no secret of the

fact that they think "hard money" has a role to play in the next elections. At least one member of the committee, rumor has it, is already getting ready to campaign for the Presidential nomination.

Anderson Confirmation

The brief printed transcript of the Finance Committee's June 28 hearing on the nomination of Robert B. Anderson to be Secretary of the Treasury is worth reading for the light it throws on Mr. Anderson's background, the expressions of Senatorial opinion about the same committee's debt and money inquiry, and other matters of interest to banks. Until his nomination Mr. Anderson held many directorships, among them on the Canadian Bank of Commerce, the Greenwich Trust Co., and The Hanover Bank. And at one time he was deputy chairman of the Federal Reserve Bank of Dallas.

Senator Albert Gore (D., Tenn.) told Mr. Anderson that Mr. Humphrey had "misdiagnosed our national economic ills." He then added: "When Dr. Kerr and Dr. Fact were called in, the diagnosis . . . is clear that, instead of the patient having high blood pressure, he may have

Erle Cocke, president of the American Bankers Association, has been named a director of the Federal Deposit Insurance Corporation. Mr. Cocke is now vice-chairman of the board and chairman of the executive committee, The Fulton National Bank, Atlanta. He will take up his duties on the FDIC about October 1, filling the vacancy created by the death of Maple T. Harl





John L. Gibbons testifying on behalf of the American Bankers Association before the Senate subcommittee on welfare and pension plans. Mr. Gibbons is executive vice-president of the Chemical Corn Exchange Bank, New York City, and chairman of the A.B.A. Committee on Employees' Trusts. He told the Senate group that adequate safeguards against abuses are contained in existing procedures governing the trustee plans. (See article on page 82 of July BANKING and chart in this issue on page 132.)

anemia." Dr. Gore, at any rate, if he is correctly named, has no anemia.

Senator Paul Douglas (D., Ill.), whose Joint Economic Subcommittee report of a few years ago was repeatedly and approvingly quoted by Mr. Humphrey in defense of recent monetary policy, expressed himself on "the large amounts of money which the Treasury has on deposit interest free with the private banks

... between \$3- and \$5-billion, roughly, on demand deposits" upon which no interest is paid. He asked Mr. Anderson to see whether some of those deposits cannot be shifted to interest-bearing time accounts; or whether the Federal Reserve banks may be used as depositories. Sen. Douglas questions whether the services now being rendered the Treasury by the depository banks

are enough to warrant the deposits.

The Senator holds that the Treasury and Fed have "kept interest rates artificially high . . . have artificially raised interest rates, just as the Truman Administration artificially lowered interest rates." He singled out for special comment the Treasury's 3¼ % bond issue of 1953. The coupon on that issue was "appreciably above what the market required . . . and . . . helped to start a chain of operations moving interest rates toward a higher level"; but the Senator did not pretend to have any final judgment on whether, in its refunding operations, the Treasury had led or followed the market.

Tax Exemption of Bond Losses

During the Byrd Committee's examination, Secretary Humphrey was questioned about bank bond operations during a period of tightening money rates. He was asked whether it was not true that many banks had, late in 1956, taken losses on bonds sold at depressed prices, charging the losses against their income tax and thereby transferring 52% of the losses to the Treasury,

"Mr. Staff Man"

LONG with the A.B. degree he received from the University of Washington in 1937, Robert Porter Mayo also obtained the accolade, *magna cum laude*. From the members of the Senate Finance Committee who have been making the fiscal and monetary study, Mr. Mayo, who daily sat at the elbow of Secretary of the Treasury Humphrey and Under Secretary Burgess, the Treasury economist earned similar recognition. Not only did he keep the Administration witnesses supplied with a steady flow of figures and facts to answer questions, but he was frequently addressed directly from the "bench" when Senators felt they were not getting what they sought quickly enough. Senator Kerr (D., Okla.) repeatedly put his questions to "Mr. Staff Man," instead of the Secretary, to nail down a point.

As chief of the Debt Division of the Analysis Staff, Mr. Mayo heads a group of about 20 persons who do the Treasury's research on all domestic subjects other than revenues and taxes. For the Treasury's top command this

staff, much smaller than its counterpart in the preceding Administration, follows and analyzes business conditions, the economic outlook, pending legislation having fiscal or monetary impact, and the like. The only original statistics compiled under its supervision relate to the ownership of the public debt. Top-flight Treasury statements and speeches pass through Mr. Mayo's office for checking before they are made.

MR. MAYO is in charge of preparing and presenting "slide shows" on financing problems to Government borrowing committees of bankers and others at the Treasury. Similar seminars are given from time to time at various Federal Reserve banks, where the audiences include area commercial bankers and professors; and before such banking schools as The Graduate School of Banking at Rutgers, the Banking School of the South, the Pacific Coast Banking School, and Investment Banking School. Thus Mr. Mayo is known to bankers across the country.

A career civil servant in the Treasury Department since 1941, Bob Mayo got a degree of Master of Business Administration and a Government



Mr. Mayo

Service Certificate from the University of Washington in 1938. He is a native of Seattle. His first job was as research assistant in the Washington State Tax Commission. At 41 he holds an important Treasury position and, as he has demonstrated during numerous Congressional hearings, he knows where to find the facts.

while at the same time buying comparable maturities which, should the banks not sell them until bond prices have recovered, would entail a capital gain taxable at the rate of only 25%. Mr. Humphrey seemed not too well prepared to handle that question impromptu and he promised to look into the possible tax loophole. The Secretary's promise has disturbed some banking observers.

A good defense of the present tax law may be made. It provides the banks a desirable flexibility in the management of their investment accounts which are subject to market movements. The flexibility is desirable not only from the banks' standpoint but from that of the nation's business. Facing a demand for more loans, a bank with a depreciation in its bond account may meet the loan demand either by borrowing on its bonds from the Fed—if it is a member bank—or selling the bonds and taking a loss. If such loss were not deductible from income, many banks would not sell the depressed bonds and the loan demand would not be met. "Easy money" Senators would not really achieve their objective by making it more attractive for banks to hang onto their bonds than to sell them and make loans.

If the present practice is changed it will have still another undesirable effect. Banks would tend to become less willing to buy U. S. obligations, even of medium-term maturities, to say nothing of long maturities. They would limit their purchases to securities likely to undergo the narrowest market-value swings. It is not at all certain that the cost to the Treasury in lost taxes in this connection isn't a small price to pay for the added stability gained by the banking system.

Financial Institutions Act

The Senate - approved omnibus banking bill bearing the above name is not expected to become law this year, although as we go to press House hearings on it are soon to start. Having before it an analysis of the bill prepared by its staff, the House committee expects to hold extensive hearings, starting with the Federal Reserve Board, the Comptroller of the Currency, the FDIC and others. The A.B.A., of course, will be heard. The bill is likely to open greater controversy in the House than was the case in

(CONTINUED ON PAGE 128)

Germany's *Embarras de Richesses*

GERMANY's principal economic problem during the past year or so has been how to live with prosperity. The German prosperity has a number of explanations, among them the fact that the country is not paying for its own defense, the fact that inflation in surrounding countries has generated a big demand for German goods, especially capital goods, and the fact that German official economic and financial policies and public behavior have been guided by conservative principles.

"Here," states a Washington authority, speaking of Western Germany, "is a productive economy living on an austerity basis. So enormous is its balance of payments surplus that its value in 1956 exceeded that of all newly mined gold throughout the non-Soviet world. The essential fact is that consumption, investment, and government spending are substantially less than the country's output. Given today's European environment, the excess of German production is easily converted into a balance of payments surplus."

Since the end of 1955 Germany's gold and foreign-exchange reserves have increased by nearly 50%, from \$3,076,000,000 to \$4,487,000,000 last March 31. In 1956 Western Germany received from services rendered foreign troops alone no less than \$1,757,000,000. Twice since September the central bank has relaxed the discount rate, but renewed signs of an economic upswing brought about other credit-tightening measures. Such is the curious situation that Germany, a big creditor nation, has been borrowing abroad; e.g., German firms have been the biggest recipients of the money lent by Wall Street to the European Coal and Steel Community. Germans have been finding it cheaper to borrow abroad than at home.

WHY does Germany have so much surplus production as is indicated by the huge balance of payments credit? Why do consumption, investment, and government spending remain so low?

Wages, while they have started rising in terms of money and shorter hours, are still low in real terms. That's one reason why General Motors can afford to import Opel cars into the U.S., which is like carrying coal to Newcastle—and we've done that, too,

in recent years. That German workers have been more content with lower wages than American workers is explainable by the fact that twice within living memory inflation has wiped out the Germany currency. The German self-restraint today in this respect must be the envy of President Eisenhower, who recently resorted to exhortation in this country.

In the light of German capacity to save, credit has been kept "too tight" and interest rates "too high." The result is a damper on investment and consumption. Furthermore, according to the above quoted authority, the government is collecting "fantastic" taxes and not spending the money. For one thing, the promised arms program is delayed. High taxes lessen spending by the people. Imports, although partially encouraged, are still held down, while exports are encouraged. If the government is not going to arm, it is argued, it should reduce taxes to encourage private spending, and relax credit to encourage investment at home.

WITH Germany's present big balance of payments surplus, the Deutsche Mark is among the world's strongest currencies. It is so strong that many non-Germans have been urging its upward revaluation: an increase in its par value to adjust for the present international economic imbalance. Germany's Economic Minister, Prof. Erhard, of course takes the opposite view. The remedy for Germany's extreme creditor position, he says, is rather for weak countries to control their inflations, encourage investment by private enterprise rather than state capitalism and collaborate for "real" economic integration in the West. According to Prof. Erhard, progress in trade liberalization to date has been trifling. The question is whether we are once again to have realistic exchange rates or are we going to manipulate foreign trade increasingly "to achieve in this tortured manner, however small, a volume of trading exchanges."

It was to avoid recurrence of the currency disorders and Schachtian devices that the World Fund was created. But it takes a lot more than fixed par values to produce a sound world economy.

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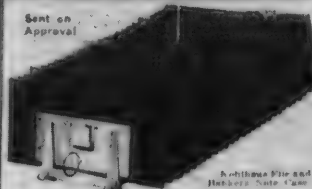
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Same plate on etched brass.
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AMERICAN BANKERS ASSOCIATION JOURNAL

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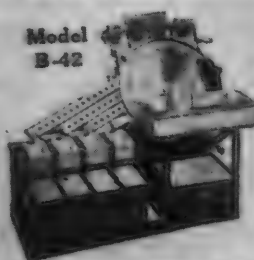
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1929

AMERICAN BANKERS ASSOCIATION JOURNAL

August 1929

Washington Mutual Savings Bank Installs Eleven National Posting Machines to Handle 90,000 Accounts



Installation of National Posting Machines in the
Washington Mutual Savings Bank. The machines
shown in the foreground are for new accounts.

The Washington Mutual Savings Bank of
Seattle is the largest bank on the Pacific
Coast. It has 90,000 savings accounts.

The recent installation of eleven National
Posting Machines gives this bank complete
equipment of the most modern machines
for handling savings accounts.

As a result every dollar deposited in this
institution will be protected by the triple
printed record of these machines . . . one
on the depositor's passbook, one on the
bank's ledger card and the third on the
journal sheet inside the machine.

The photograph shows the new installa-

tion with ledger cards directly behind the
windows, signature cards over the ledger
cards and machines in the front counter.

This arrangement coupled with the speed
of operation of the machines gives the de-
positors of Washington Mutual a new
speed of service together with a protection
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The protective features of the National
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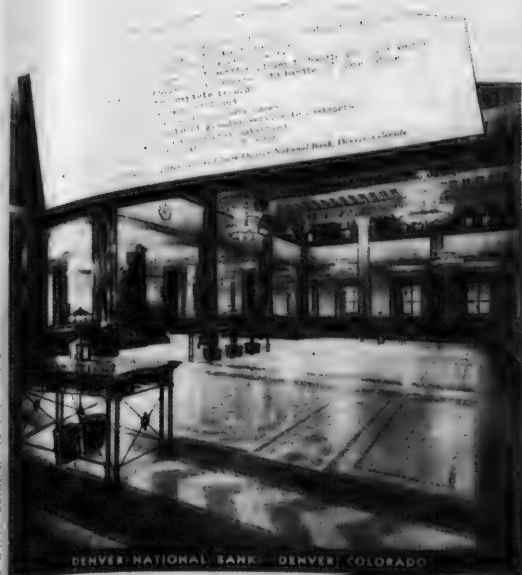
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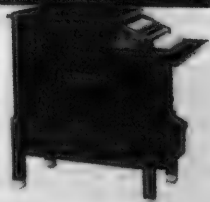
1930

40

BANKING



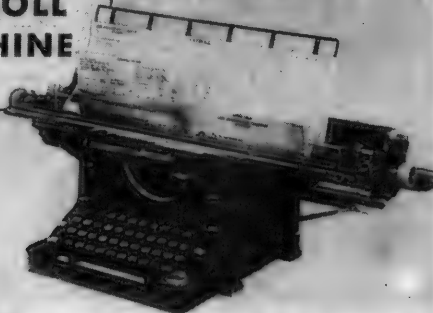
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THE material on these pages consists of the foreword and recommendations which will appear in a booklet soon to be distributed by the Bank Management Commission of the American Bankers Association. Copies

The A.B.A. Blueprint for RESERVE REQUIREMENTS

An Interview on the Objectives and Effects of the Plan

IN view of the widespread interest in the Economic Policy Commission's proposals for revamping the structure of member bank reserve requirements, **BANKING** presents this interview with Dr. E. Sherman Adams, deputy manager in charge of the Commission.

* * *

Q—Dr. Adams, can you tell us just what the Economic Policy Commission had in mind in undertaking its study of member bank reserve requirements?

A—It has been widely recognized for many years that the present reserves structure is outmoded and unfair. The Commission wanted to see if it could come up with a plan for a new set-up which would be acceptable from the standpoint of sound monetary policy and the broad public interest and which would also command the support of the vast majority of bankers. The Commission believes that it has finally succeeded in doing exactly that.

What Is the Intent?

Q—What is the Commission's plan designed to accomplish?

A—There are two basic objectives. One, of course, is reserve reform. We should have a system of reserve requirements that is fair and logical, easy to administer, and well adapted to the purposes of monetary control by the Reserve authorities.

The second objective is over-all reduction of required reserves. Existing reserve requirements are clearly far higher than they need to be, and the Commission believes that they can and should be reduced as

rapidly as economic conditions permit.

The Commission also believes that these two objectives—reserve reform and reserve reduction—must be tied together. You can't get reserve reform unless you also have reserve reduction. The reason is simple: If you were to shift to any new system of reserves without simultaneously reducing total required reserves, some banks would inevitably come out with higher requirements than they had before. Such a plan would never "sell."

Q—What is the attitude of the Federal Reserve toward the Commission's plan?

A—In the first place, the Federal Reserve authorities encouraged the Commission to undertake this study. Also, officials and staff members of the Reserve Board and some of the Reserve banks were most helpful to us while the study was under way. They not only supplied much useful data but gave us the benefit of their criticisms on many points. The Reserve authorities have been studying this whole matter for a long time. I think they see eye-to-eye with us on many basic points, but, of course, we do not yet know what their final position will be.

Is It Timely?

Q—Do you think the Board will take a position on this matter at a time when inflationary forces are so strong? Isn't this a poor time even to discuss this subject?

A—It is possible that the Board may be reluctant to take a stand now, because of the possibility that

this might be misconstrued by some as an indication that the Board is no longer concerned about the danger of inflation.

Let me emphasize that the Commission is definitely not suggesting that reserve requirements be reduced at the present time. However, we see no reason to postpone all discussion of what kind of reserve set-up we should eventually achieve. Sooner or later there will be an opportunity to enact some legislation in this matter and we should be prepared to take advantage of such an opportunity.

Why Congressional Action?

Q—The Reserve Board already has authority to reduce the reserve percentages. Why does the Commission suggest a plan that must be acted on by Congress?

A—Let me answer that by making two points. First, we would need legislation anyway to permit reducing the reserve percentages as far as the Commission recommends, to do away with the geographical classification of member banks, and to provide for inclusion of vault cash in reserves.

Second, the Commission is very strongly of the opinion that all these different changes should be wrapped up together in a single legislative package. If you try to deal with particular aspects piecemeal, you will almost certainly sidetrack other needed changes. In fact, you may ruin forever the chances of eventually achieving a fair and rational reserve structure. The importance of having a definite plan based on a broad-scale approach cannot be over-

emphasized. We are convinced that this is the only practical way to get a decent job done.

Q—How long would it take to put the Commission's plan in effect?

A—The Commission does not know the answer to that question and neither does anyone else. The answer will depend on future conditions that cannot possibly be foreseen at the present time.

The Commission has suggested setting a tentative target date of five years. We realize, of course, that it may prove desirable to stretch the period out to more than five years. For this reason, it is suggested that the target date be postponable. Under the Commission's plan, the Federal Reserve Board could extend it indefinitely a year at a time. In short, the Board would really have complete discretion with respect to putting the plan into effect.

Why a Target Date?

Q—In that case, why have a target date at all?

A—A target date, even one that is tentative, has several important advantages. First of all, it would indicate that the two objectives of reserve reduction and reform will be pursued simultaneously and will be achieved as rapidly as may be practicable. It would also provide some idea of the size of the reductions in reserve requirements that might be expected to take place each year when circumstances permit. This would help condition the financial community to regard such reductions as normal rather than as abnormal actions. At present, reductions in reserve requirements are expected only under unusual circumstances and are regarded by many people as actions taken to provide a drastic easing of credit.

Having a target date would help the Board of Governors achieve the objectives of the A.B.A. plan in a reasonably short period of time. It would do this by improving the public's understanding of what the program seeks to accomplish and by preventing any misunderstanding of the actions that the Board might take to put it into effect.

Q—Would the Commission's plan tend to benefit some classes of member banks much more than others?

A—Definitely not. There would be a remarkably even distribution of benefits among country member banks, Reserve city banks, and central Reserve city banks. You see, the city institutions would have more to gain from cutting the reserve requirements on demand deposits, but the bulk of the benefit from lower requirements for time deposits and from counting vault cash as reserve would accrue to "country" banks. The net effect is that all three classes would come out with roughly the same percentage reduction in their required reserve balances.

As a matter of fact, the Commission feels that, from a practical standpoint, this is a very important feature of its plan. It would be pretty hard to get banker support for any plan that did discriminate for or against some particular group of banks.

Q—Why does the Commission recommend a reduction in the reserve percentage for time deposits?

A—From a standpoint of credit control, there is no justification for the present 5% reserve ratio for time deposits. Commercial bank

time deposits are not part of the money supply. They fall in the same general category as mutual savings bank deposits, savings bonds, and other forms of liquid savings.

When a commercial bank lends or invests funds received through an increase in its savings deposits, the effect is substantially the same as when a mutual savings bank lends or invests funds it receives from savers. In each case there is a *transfer of existing* money from savers to borrowers, but *no increase* in the supply of money. Therefore, for purposes of credit control, there is no more reason for having reserve requirements for time deposits of commercial banks than there would be for imposing them on competing thrift institutions. The present requirement clearly discriminates against member commercial banks.

Q—The plan proposes that the Board of Governors be authorized to vary the reserve percentages for demand deposits over a range of 8% to 12%. Isn't this range a good deal smaller than is provided by present authority?

A—Yes, it is, and there are good
(CONTINUED ON PAGE 148)

The Commission's Plan

THE Economic Policy Commission of the American Bankers Association recently recommended the adoption of a specific program of reduction and reform of the legal reserve requirements of Federal Reserve member banks. The timing and nature of the steps to be taken in putting the Commission's program into effect would be entirely at the discretion of the Federal Reserve authorities. The Commission proposed that the following actions be taken over a period of years as economic conditions permit:

- (1) Eventually reduce reserve requirements for demand deposits to 10%.
- (2) Make this 10% requirement uniform for all member banks.
- (3) Authorize the Federal Reserve to vary the reserve requirement for demand deposits over a range of 8% to 12%.
- (4) Eventually reduce the reserve requirement for time deposits to 2%.
- (5) Permit member banks to count vault cash as part of their legal reserves.

These recommendations are based upon a comprehensive study of this problem conducted by the Commission over the past several years. The Commission's report entitled, *A Plan for Member Bank Reserve Requirements*, is available on request.

COST Is the CRUX of Market Research for Banks

A Daily, Continuous, Automatic Flow of Information to the Market Research Department Is an Essential

JOHN O. CHAPPELL, JR.

MR. CHAPPELL is vice-president, The Central Trust Company, Cincinnati, Ohio. He is a member of the Committee on Savings Management and Operations of the Savings and Mortgage Division, American Bankers Association.

SINCE we established a market research division in 1946 to serve our advertising and new business departments, subsequent discussions of our operation with other interested banks has demonstrated, beyond all question, that cost is the crucial factor in any decision to undertake market research work.

By way of background, the original purpose in setting up the market research division was to obtain precise information about the bank's customers to guide our advertising.

For example, what was the statistical profile of our personal loan customers? Here were some of the questions to be answered in "painting" the factual portraits of such customers: What were the dominant age groups? What was the city and county geographical distribution? What were the size classifications of loans, classifications by purpose, classifications by income, classifications by sex and marital status, seasonal borrowing trends? We wanted answers to such questions, but obtaining them had to be done economically, else cost would outweigh the value of the data obtained.

Fortunately, we had the well-nigh perfect operation for research purposes. All personal loans—as well

as automobile and home improvement loans—are recorded in our consumer loan department by the ditto process. All pertinent information about the loan and the customer is recorded on a master stencil. It is used to prepare coupon books and card file copies for all departments requiring the information. It was necessary only to ask the consumer loan department to provide market research with an extra card copy of each loan made, and that phase of our operation was in business.

Had it been necessary, however, for market research to examine each loan application and record the data required, the cost in time and labor would have been prohibitive.

"Researching" Other Services

The reader may well say, at this point, "What about services other than loans and how do you handle the research?"

Again we are fortunate in having a daily, continuous flow of information. Our central file department is under the administration of the business development department. All new accounts (name and address of customer, occupation, marital status, type of account, office of origin, etc.) are reported to central files. It is easy to route the cards to market research when any studies of new accounts and customers are undertaken. For example, if we desire to make a "size of account—geographical distribution" study of all new savings accounts at one or more of our branches, the information

cards for such branches are directed to the research division for processing.

We recently opened a new branch office. We think it important and useful to obtain the following information about its customers: What is the geographical distribution, i.e., where is the greatest customer concentration as to distance and direction from the office? What is our best market within the branch's "sphere of influence"? These questions can be answered with relative ease because of the "automatic" flow of facts to research.

Similarly, all accounts which close are reported to central file, and the close-out forms are routed to research whenever a study is undertaken which requires that information.

Our addressograph division is also attached to the business development department. All checking accounts for all offices are kept on addressograph plates. Whenever we have occasion to study checking account customers for marketing purposes, the research division can secure galley lists of customers of any branch in a very short time.

The reader should clearly understand that the discussion thus far is concerned with obtaining the most economical possible flow of data to the research division. Processing, analyzing, and interpreting the data is neither automatic nor is it cost-free. But the point I wish to make is that, if our costs were high for acquiring the raw material of re-

search, the added cost of processing it would have prohibited undertaking such work.

Although this discussion now shifts from the practical side of costs to the intangible aspects of costs, the latter is by no means academic in character. I refer specifically to (1) limiting the research field, (2) establishing practical research techniques, and (3) assembling good research tools.

Limiting the Field of Research

There are hundreds of types of market research, ranging from such a simple, inexpensive operation as making a traffic count to the very complex and very expensive undertaking of a motivation study. Without careful limitation of its field, a market research operation can be cumbersome, inefficient, and costly.

When our market research division was established, it was limited to two objectives: that of intensive study of the bank's services, customers, and markets; that of knowing everything we could learn about our bread-and-butter market—metropolitan Cincinnati. We believed that, by confining ourselves to these two objectives, we would keep our market research work within manageable limits, especially from a cost standpoint. So far, experience has shown that the decision was a sensible one.

It should be added that we do little primary research, i.e., conducting opinion polls, etc., through personal interviews using long questionnaires. This form of research is quite expensive, and we have not yet

encountered a situation which we believed made a primary research study imperative.

Establishing Practical Research Techniques

Good market research can never be tied down to a cut-and-dried pattern, because no study ever has precisely the same elements. Nevertheless, practical research techniques can be established over a period of time that provide the basic, over-all framework for the type of studies we find most useful.

For example, a study of the market for a branch office can be completed in a week because our research techniques for this, as well as studies of other kinds, have been developed over a number of years. In researching the market for a branch, we know precisely what factual information we require, such as

housing, property values, income, dominant occupation groups, growth potential, age of property, new residential construction, etc. Because we do not have to grope for techniques and because we know what we want, we are able to assemble needed data with dispatch—and with economy.

Assembling Good Research Tools

By good research tools I mean, to a large degree, good external sources of statistical and other information for use in our work.

Although we know from actual experience that any bank can use market research in one way or another, the financial institution in the large city does have at its disposal more sources of marketing information about its area than do banks in smaller communities. In our work many of the statistical tools we use

(CONTINUED ON PAGE 151)

ENTRY DATE 5-29-57	CLASS P	AMOUNT OF NOTE 432.30	DEPOSITS NO. 11 AMOUNT 35.90 1 37.40	DATE DUE 5	ACCOUNT NO. 169321	B. D. D. FILE EXP. 12A
NAME AND MAILING ADDRESS John Doe 123 Smith Street Cincinnati, Ohio					FIRST DEPOSIT DUE 7/5/57	
OCCUPATION Foreman					FINAL DEPOSIT DUE 8/5/58	
EMPLOYER ABC Mfg. Co.						
CO-MAKER AND ADDRESS OR SECURITY 1954 Ford					BP - \$500	
HOME TEL. NO. MO 1-2345		BUSINESS TEL. NO. PK 1-1111		AGE OF MAKER 39	AUDITOR	
DEALER		NO.		CONTRACT	BRANCH Evendale	

OFFICE Main Office	CENTRAL FILE INFORMATION CARD	Kind of Acct. Savings
DATE	Title Miss	Name Mary Roe
	Title	Name
<input checked="" type="checkbox"/> Residence Address	543 Smith Street	
<input type="checkbox"/> Business Address	50 Main Street	
Business or Occupation	Saleswoman - XYZ Department Store	
<input type="checkbox"/> Introduced <input type="checkbox"/> Recommended <input type="checkbox"/> Solicited	Acquainted with (Officer or Employee)	
<input type="checkbox"/> New Account <input type="checkbox"/> Transfer From	What Other Accounts With Us None	Statement Called for Mailed
Probable Average Balance	Do We Have Signature Card? <input type="checkbox"/> Yes <input type="checkbox"/> No	Do We Have Resolution? <input type="checkbox"/> Yes <input type="checkbox"/> No
Should Courtesy Letter Be Written? <input type="checkbox"/> Yes <input type="checkbox"/> No	Remarks: Just moved here	
Opened by Smith	Teller Doe	\$500.00
CHECK OTHER SERVICES FOR WHICH CUSTOMER MAY BE A PROSPECT		
CON.	SAV.	S. D.
L. & D.	R. S.	C. D.
TRU.	SEC.	R. E.
FOR. TR.	STE.	PER. CR.
REG.	CONT. FILE	PLATE
LETTER		

Card, above, received by market research division for every personal, automobile, and home improvement loan, illustrating those items of information about the borrower which are used in research studies. "BP" indicates "business purposes" as reason for loan. The \$500 amount is borrower's monthly income

Reproduced, at left, is a specimen of a central file information card. Indicated on the card is the type of information generally useful to the market research division

Earnings, Expenses, and Distribution of Profits of Insured Commercial Banks, 1946-1956

(Amounts in millions of dollars)

	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
CURRENT OPERATING EARNINGS:											
Income from loans.....	950	1,282	1,600	1,760	2,008	2,425	2,784	3,156	3,263	3,697	4,413
Interest on U. S. Government securities.....	1,219	1,080	1,098	1,013	1,016	984	1,099	1,207	1,273	1,334	1,343
Interest and dividends on other securities.....	177	179	190	202	225	249	277	298	325	351	370
Service charge on deposit accounts.....	125	148	174	194	212	245	245	271	312	340	386
All other current operating earnings.....	392	409	432	438	470	507	527	552	601	656	720
Total.....	2,863	3,098	3,404	3,607	3,931	4,395	4,932	5,484	5,774	6,378	7,232
CURRENT OPERATING EXPENSES:											
Interest on time and savings deposits.....	269	298	317	328	343	385	458	535	618	678	806
Salaries and wages.....	831	947	1,045	1,111	1,202	1,350	1,495	1,652	1,762	1,896	2,093
Taxes other than on income.....	96	104	106	114	128	136	140	149	167	177	187
Other current operating expenses.....	567	633	696	731	772	830	936	1,040	1,091	1,209	1,371
Total.....	1,763	1,982	2,164	2,284	2,445	2,701	3,029	3,376	3,638	3,960	4,457
NET CURRENT OPERATING EARNINGS.....	1,100	1,116	1,240	1,323	1,486	1,694	1,903	2,108	2,136	2,418	2,775
NONOPERATING PROFIT AND LOSSES:											
Recoveries, transfers from reserves, and security profits.....	409	262	266	213	246	169	144	152	631	240	250
Losses, charge-offs, and transfers to reserves.....	283	294	485	380	367	395	362	448	553	707	994
Net nonoperating profit (loss).....	126	-32	-219	-167	-121	-226	-218	-296	78	-467	-744
NET PROFITS BEFORE INCOME TAXES.....	1,226	1,084	1,021	1,156	1,365	1,468	1,685	1,812	2,215	1,950	2,031
INCOME TAXES:											
Federal.....	302	383	259	304	403	531	662	751	862	754	770
State.....	22	20	17	21	25	29	33	35	46	40	44
Total.....	324	303	276	325	428	560	695	786	908	794	814
NET PROFITS AFTER INCOME TAXES.....	902	781	745	831	937	908	990	1,026	1,307	1,156	1,217
Cash dividends declared.....	299	315	331	354	391	419	442	474	517	566	617
Profits added to capital accounts.....	603	466	414	477	546	489	548	552	790	590	600

SELECTED PERCENTAGES

	(Per Cent)										
Income on loans as a percent of loans.....	3.43	3.79	4.04	4.22	4.34	4.45	4.64	4.84	4.79	4.88	5.11
Income on U. S. Gov't. obligations as a percent of U. S. Gov't. obligations.....	1.49	1.54	1.57	1.61	1.59	1.65	1.80	1.98	1.98	2.09	2.30
AMOUNTS AS PERCENTS OF AVERAGE TOTAL CAPITAL ACCOUNTS:											
Net current operating earnings.....	12.21	11.71	12.46	12.70	13.50	14.58	15.51	16.29	15.52	16.52	17.84
Net non-operating profit (loss).....	-1.39	-1.34	-2.20	-1.60	-1.10	-1.95	-1.78	-2.28	-1.57	-3.19	-4.78
Income taxes.....	3.59	3.17	2.77	3.12	3.89	4.81	5.66	6.08	6.59	5.43	5.23
Net profits after income taxes.....	10.01	8.20	7.49	7.98	8.51	7.82	8.07	7.93	9.50	7.90	7.93
Cash dividends declared.....	3.32	3.31	3.33	3.40	3.55	3.61	3.60	3.66	3.76	3.87	3.97
Profits added to capital.....	6.69	4.80	4.16	4.58	4.96	4.21	4.47	4.27	5.74	4.03	3.86
Number of banks.....	19,369	19,403	19,419	19,436	19,446	19,455	19,459	19,458	19,463	19,467	19,478

BANK EARNINGS AND PROFITS

Since World War II

THE Federal Deposit Insurance Corporation recently released its tabulation of earnings of insured commercial banks for 1956. These are the most comprehensive data available on bank earnings.

Without evaluating the level of earnings or comparing them with other industries, the Research Council of the American Bankers Association has prepared the accompanying charts and data from the official tabulations of the FDIC. This information should be helpful to a better understanding of recent trends in the income, expenses and profits of commercial banks, and should serve to correct some misconceptions regarding them.

Chart I—Total Earnings

As indicated in Chart 1, total earnings of banks grew substantially between 1946 and 1956. This reflected the fact that banking is a "growth" industry. Its services are vital to a

growing economy. The chart is a bird's-eye view, details of which are presented in the subsequent charts and in the statistical table.

Chart II—Operating Data

Chart 2 gives the breakdown of current operating earnings and expenses. It shows that loan income grew substantially by 1956 and accounted for a much higher percentage of total operating earnings than in 1946, while interest on U. S. Government securities declined in relative importance.

On the expense side, salaries and wages, interest paid on deposits, and other current expenses all increased substantially, with interest accounting for a larger share of the expense total.

Chart III—Sources, Uses

Further perspective on the picture is afforded in Chart 3, which analyzes the *net increase* in earnings

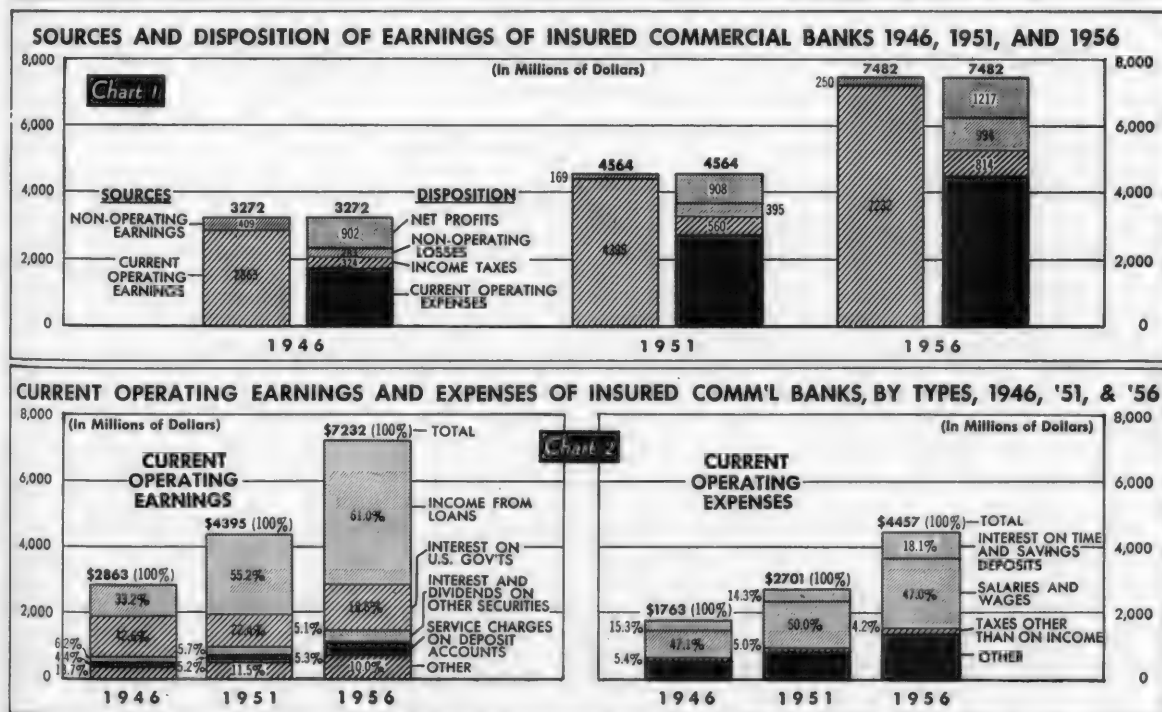
between 1951 and 1956. What were the sources of the higher income? Where did it go?

About two-thirds of the growth came from loans and only about one-eighth from interest on Government securities. Other sources contributed smaller proportions.

The lion's share of the rise in earnings—about three-fifths—was absorbed by current operating expenses. Another one-fifth went for losses and the building-up of reserves to take care of unforeseen losses on loans—for the protection of depositors. Income taxes took almost 9% of the increase. Less than 11% was carried down to net profits, two-thirds of which were paid out in dividends and the remainder added to capital accounts.

Chart IV—Nonoperating Data

Chart 4 shows how nonoperating profits and losses (as distinct from operating earnings and expenses)



have a significant effect on final net profits. In 1956, banks had a net nonoperating loss of \$744,000,000, as they sustained losses on sales of securities to obtain funds for higher-yielding loans, and they added to reserves against losses on loans.

Chart V—Dividends

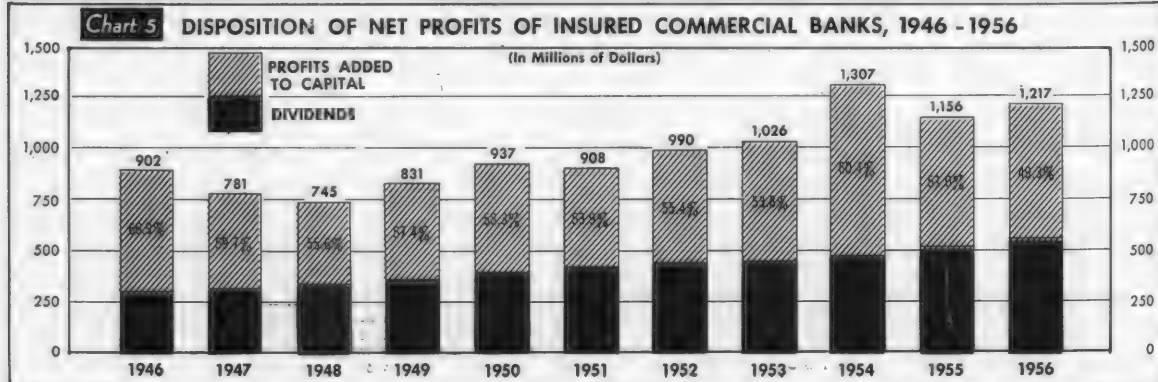
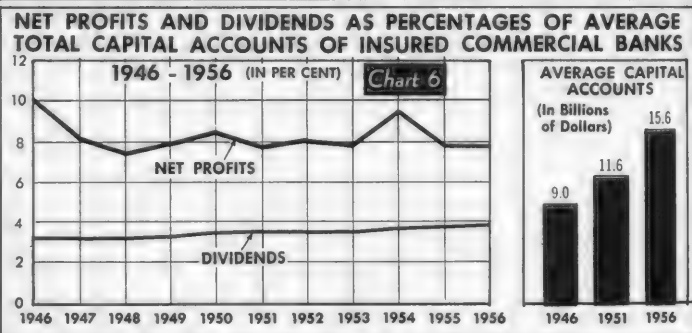
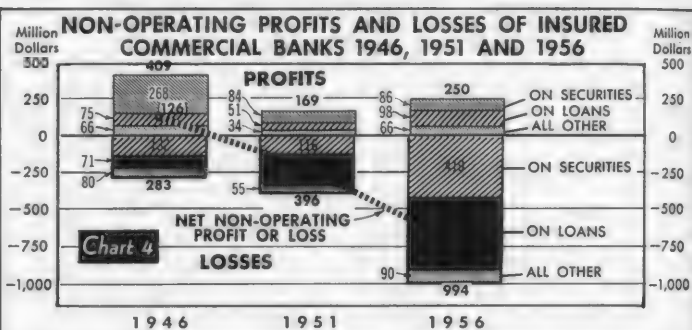
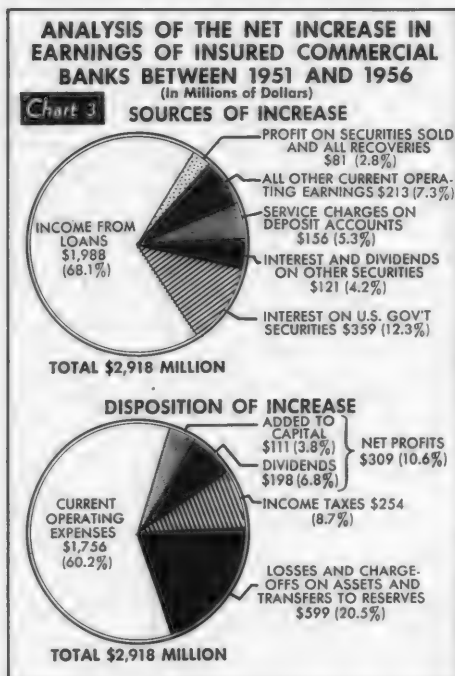
Chart 5 indicates that dividends paid to stockholders over the post-war years have grown slowly and that significant amounts have been plowed back into capital. Despite the fact that earnings have risen substantially in total dollars, distributions to stockholders have increased only moderately. Between 1946 and 1956, total operating and nonoperating earnings rose \$4,210,000,000, against \$318,000,000 for dividends.

Chart VI—Rate of Profit

Finally, the test of profitability is the return on investment. The small insert in Chart 6 reveals that in 1956 the capital accounts of banks averaged \$15.6-billion, or two-thirds more than in 1946. The banks have grown with the economy and, as in other industries, this has required a much greater investment by stockholders. Dollar profits have to cover this increased investment. Thus, it may be observed from Chart 6 that the rate of net profits has remained remarkably stable around 8%. The two years 1946 and 1954 were higher, but they were raised by non-recurring profits on sale of securities. Also, the rate of dividends paid on capital accounts has been stable.

It rose from 3.32% in 1946 to 3.97% in 1956, a narrow margin compared with the change in the general level of interest rates.

(SUPPLEMENTARY NOTE: The time-consuming problem of processing reports of over 13,000 banks delays official publication of earnings data for several months. As this issue of BANKING goes to press, reports on earnings for the first six months of 1957 are already being released by individual banks. In general, they indicate higher operating earnings after taxes for New York banks. Other parts of the country also showed gains, although it is significant that some West Coast banks have reported lower earnings as a result of the increased cost of interest on deposit accounts.)





Mr. Roloff

THE First Wisconsin National Bank of Milwaukee has installed electronic posting equipment to handle checking-account bookkeeping for its 46,000 accounts. In this interview CHARLES A. ROLOFF, assistant vice-president and assistant to the executive vice-president in charge of operations of the First Wisconsin, answers some questions about National Cash Register's new "Post-Tronic" accounting machine.

Q: Mr. Roloff, we would like to get a step-by-step review of your preliminary planning for electronics, as well as some of the bank's experiences during the installation. Could you start by telling us when and how you began planning the new system?

A: The First Wisconsin has been steering toward electronics for some years. In 1949 we set up a work-simplification program for our regular employees. That is, instead of training a bookkeeper for strictly bookkeeping work, the job was broken down into several classifications. Originally, 21 different operations were required of a bookkeeper. When broken down, each job required that about four operations be learned.

Q: What were the immediate results of the work-simplification program?

A: The work-simplification program stood us in good stead when the outbreak of the Korean war necessitated part-time help. A night shift for operations followed. While

I will not go into the details, I think this helps illustrate the size of the problem that banks are facing today. Greater volume, scarcer trained help, cramped quarters all combine to make a bank look toward automation as a means of solving its problems.

Q: Do you think that electronic posting of checking accounts is a step toward complete records automation?

A: Definitely. Push-button operations are some years away, but practical electronics is here. Most banks are going to switch to records automation in degrees or stages. As a matter of fact, I would say that electronic posting of checking accounts will be the limit of automation for many banks for some time.

Q: What made the First Wisconsin decide to install the equipment?

A: The economic and operational advantages that could be derived from the installation of machines featuring the principles of the Post-Tronic were immediately apparent upon seeing the first demonstration of the machine. From that point on it was only a question of awaiting delivery. We estimated originally that the economies to be realized through the operation of the machines would pay for our investment in them within a 4-year period. It appears that the estimate will be validated.

Q: How many of these machines were required to handle your checking account bookkeeping?

A: We expect that 20 machines will handle the posting of 46,000 accounts under our new system. This is a significant figure when you consider that we used 39 conventional machines in operating under our old system.

Putting Electronics into Action

CHARLES A. ROLOFF

Q: Exactly what does the machine do electronically?

A: It performs the following operations electronically:

- (1) Verifies proper account selection
- (2) Picks up and verifies the old balance
- (3) Determines "good" or "overdraft" balance pickup
- (4) Picks up and verifies accumulated check count
- (5) Selects the correct posting line
- (6) Detects accounts with stop-payments and "holds"
- (7) Picks up, adds, and verifies trial balance
- (8) Picks up, adds, and verifies balance transfers

Q: Was there a problem in training the operators to use it?

A: No. The people who worked on the first group of accounts were acquainted with the machine by demonstrations. Sets of practice work were prepared by our training school. Our experience was that they learned to operate the equipment very quickly. A few hours of instruction and practice was entirely adequate.

We still have not determined how advisable it is to train people on the conventional equipment and then retrain them on the new. It seems probable that some of our conventional equipment will be kept in the training school to teach the basic procedures. Training for the new equipment could then be completed on the job. It certainly would not harm a new operator to learn manually what the new machine does electronically. We think the knowledge would develop an appreciation of the automatic features of the equipment.

(CONTINUED ON PAGE 142)

METHODS and IDEAS

New Stop Payment Procedure

An effective method of handling stop-payment requests has been devised by the Chittenden Trust Company of Burlington, Vt.

Comprising a triplicate form and two form letters, the system is designed to eliminate much of the clerical work that goes with renewals, reservations, etc. It also places responsibility for renewal on the customer. Here's how the system works:

On acceptance of a "stop" order, the head bookkeeper transcribes the information on the form (see cut), filling in the data received and the expiration date. The blue original and the white second copy are mailed to the customer for signature; the former is returned to the bank, the latter is retained by the account owner.

With the customer's copy goes a letter giving the essential data and requesting signature of the blue form and its return to the bank.

A red and yellow stop payment flyer is typed from the third, or yellow, copy, for both the ledger and the statement clerks, thus establishing a double check against the possibility of paying a check. The yellow copy is placed in the expiration date file for reference in six months.

The number of the stop order is placed on the individual ledger and statement flyers in red pencil just above the amount of the item to insure a complete numeric tie-in with the binder copies.

When the signed blue copy returns to the bank, it's placed in the binder in numerical sequence.

In renewals, a new order is typed, duplicating the information on the original with the exception of the expiration date. The new number is

METHODS AND IDEAS is edited by
JOHN L. COOLEY

placed in the proper column on the original order, which remains in the binder while the yellow copy is filed in the dead file in alphabetical order. The new blue copy is filed in the binder in numerical sequence and the new yellow goes into the expiration date file. The white copy is mailed to the customer with a brief covering letter.

Cancellation dates are entered on the blue and yellow copies, the former remaining in the binder while the yellow goes into the dead file.

If payment is stopped, the date is recorded on the blue and yellow copies. A form letter is mailed immediately to the customer.

The date of filing is entered in the proper columns on blue and yellow copies by the head bookkeeper.

A. G. Holmes, Jr., assistant treasurer of the bank, who sent us the information about the new system, says it has been "highly successful."

Deposit Slip Idea

ACUSTOMER of the Valley National Bank, Phoenix, Ariz., suggested that the bank chop half an inch off the checking account deposit receipts.

"They're too long to fit into the pocket of my checkbook cover," he explained. "And if I fold them over, they soon wad up and the cover becomes lumpy."

John Fry, assistant comptroller in charge of the planning and methods division, promptly designed a receipt $\frac{5}{8}$ -inch shorter. Considerable text was eliminated, too—and the

		STOP PAYMENT	
TO			
CHITTENDEN TRUST COMPANY		When Corresponding, Please Refer to	
	Office	Date Received	
	Vermont	Time Received	
Please Stop Payment on My Check No.		Received by	
Dated		EXPIRATION DATE	
In Favor of			
Amount	\$		
		Dollars	
		Cents	
Reason for Wishing Payment Stopped			
Duplicate Issued?			
Date			
<small>In requesting you to stop payment of this or any other item, the undersigned agrees to hold you harmless for all expenses and costs incurred by you on account of refusing payment of said item, and further agrees not to hold you liable on account of payment contrary to this request if same occur through inadvertence, accident or oversight, or if by reason of such payment other items drawn by the undersigned are returned insufficient.</small>			
<small>No stop payment request, renewal or revocation thereof heretofore or hereafter given shall be valid if oral or unless served at the bank.</small>			
This Request Is Effective for 6 Months Only			
		Title of Account	
By		Authorized Signature	
FINAL DISPOSITION:			
Payment Stopped			
Cancelled			
Renewal Number			
Filed			

revised form was printed in color.

"It's lighter in weight, easier to read, easier to stuff into a check-book cover or wallet, and doesn't cost any more to produce than did the old-style receipt," says Mr. Fry.

Trust Control

ONE bank's method of quickly and easily proving the trust and trust asset ledgers was outlined for a NABAC group by Frank E. Walker, auditor, First Security Bank of Utah, Salt Lake City. Here are the steps taken at this bank:

(1) A statement of condition is prepared from the condensed trust ledger.

(2) Adding machine runs are made on proof sheets by trust category, proving in to the control on each classification as to income, principal, and investments. If previous postings have been accurate, each control for each class of trust will prove out and the trust ledgers will be in balance.

(3) Adding machine runs are then made on proof sheets by totals on each trust from the asset cards to prove to the total of assets held by each trust as reflected in T totals on the ledger sheets by account numbers. The trust number is shown in non-ad for every T total. In case the sum of these does not equal the control for that trust category, a comparison of the T totals with the ledger sheets on individual trusts can determine which trust is out of balance; and a verification of the postings to that trust for the previous period will quickly disclose what happened.

(4) After the asset cards are balanced, the actual securities, kept in the vault in envelopes by trust numbers under dual control, are checked against the cards, eliminating one trust at a time against the previous totals for that trust.

Quickies

HEARD at the annual bank management clinic sponsored by the Kansas Bankers Association:

Profit-sharing plans as retirement programs. They fit best in banks that want a flexible program without fixed cost. The pension plan

(CONTINUED ON PAGE 153)

Automation and People

RISING costs are secondary to the continued weak employment market as a primary motive for bank automation, in the opinion of Joseph P. Williams, assistant to the controller, Bank of America, N.T. & S.A., San Francisco.

Mr. Williams, speaking at the San Diego regional convention of the National Association of Bank Auditors and Comptrollers, emphasized the human aspects of automation.

A major benefit from the research and planning that precede introduction of electronic data processing equipment, he said, is the methods and systems improvement which in many cases represents accrued savings rather than installation of the equipment. The new processes demand a more intimate, detailed knowledge of operations; protection against errors is essential.

Ablar Personnel

The current gains must be attributed to the selection of better-qualified personnel; and banks, forced to maintain this high level of talent to insure continuing success, come up against the law of supply and demand. Recognizing the importance of reducing costs through systems analyses, Mr. Williams said "costs are secondary to the solution of the problem of a continued weak employment market, and the level of costs is primarily dependent on the condition of this market."

Assuming a high level of economy, "we can predict 1980 as the first probable year for an employment market equal to the first quarter of 1950, the only fairly stable period since 1921."

The market for clerical employees will be further aggravated by the rising level of education. Today youngsters go to college, not to offices, "and any one of us would hardly expect our children to present a college degree as a qualification for a job as an operator of standard office equipment."

Job opportunities have increased faster than the increase in working population; most employment programs have been able only to keep

current with the expanding work load. Bank of America's ERMA was developed partly on the probability of an insufficient number of bookkeepers by 1965.

Needed: Leadership

Technology will produce the needed equipment; the real test is whether management can develop the leadership required to operate in a more mechanized economy.

"The solution may be found in the way we handle the employee problems in connection with data processing itself. The main essential is to keep our current employees informed. We should acquaint them with the increased opportunities, new jobs, and the importance of always looking ahead."

Banks must re-examine their training programs at all levels. The employees and supervisors must learn new techniques, new assignments, new procedures. Management must make faster decisions. New and better customer services are forced by today's competition; a fast moving economic society demands data on a more current schedule.

Three Suggestions

Banks must find other ways to increase their staffs. Here are three possible solutions:

Greater use of women employees. Failure to advance them to higher operating positions has hampered data processing progress. Women have proved their competence as programmers and operators.

Develop a program for the physically handicapped. They may prove to be ideal for certain jobs in a data processing unit.

Consider minority groups. Large numbers of them are qualified for many bank jobs.

What may be a more serious problem deals with the increasing need for technically trained personnel in data processing. Jobs in this field are overpriced, and many men have become more interested in financial progress than accomplishment. A better job of counseling must be done with them.

A Survey of

Bank Personnel Administration in New England

CLYDE M. GOLDTHWAITE

TO PROVIDE material for a discussion of personnel policy at our annual correspondent bank conference in April 1957, The Merchants National Bank of Boston circularized commercial banks in New England. We received 286 replies, or a 71.5% response, to our questionnaire, obviously indicating the keen and immediate interest of bankers in the subject. We did not quiz our friendly neighbors in Boston, and to shield the identity of individual banks we were obliged to omit the Rhode Island returns.

Some of the more significant points covered were the salary structures for eight clerical bank positions, fringe benefits, sources for obtaining employees, policies on bonuses, employee turnover, causes of employment termination, policies on promotion, educational policies.

We divided the returns into 17 deposit groups by size, four each for Massachusetts and Vermont, three each for Connecticut, Maine, and New Hampshire.

Some of the comparative data of interest are summarized below.

Clerk Typists

One hundred and eighty-three banks reported weekly salaries for this job classification. The average amount paid to clerk typists for the 17 deposit groups is \$48.93 per week. Eight groups above the average, nine groups below it.

Banks with deposits up to \$5,000,000 in Connecticut reported the highest weekly figure, \$51.66, and the \$3-\$5,000,000 deposit group in Vermont showed the lowest, \$44.78 per week.

Stenographers

The highest wage paid a stenographer, \$104 per week, is in the \$10-\$25,000,000 deposit group in Massachusetts. The smaller banks in Connecticut pay the highest average salary of the 17 groups, \$63.90 weekly, while the 27 banks in the state show \$61.42 average. This is approximately \$6 more per week than the average for 190 banks in the 5-state area.

Commercial Tellers

The highest salary for a commercial teller is \$112 per week, compared with the average for the 17 deposit groups of \$62.62, which is the highest average weekly salary for the eight jobs listed in the questionnaire. Of the 235 banks reporting, the differential between the average minimum and the average maximum is the largest of any of the job classifications at \$23.28 per week. The wide salary differences under all headings are probably attributable to the variance of salaries for male and female tellers.

Savings Tellers

Of the 180 banks reporting salary

The author, who is vice-president of The Merchants National Bank of Boston, says: "To the extent that our copies hold out, we would be pleased to supply our Summary of Results, in the belief that, while it applies only to New England and to the spring of 1957, others may find it useful."

ranges for savings tellers (55 fewer banks than reported on commercial tellers), the average paid is \$56.81 or \$5.41 less per week than to commercial tellers. The differential between the average minimum and average maximum is \$15.85, which, in comparison with commercial teller wages, is about \$400 less per year.

Proof Machine Operators

The average paid in Massachusetts banks is \$.68 higher than the average paid by the 185 reporting banks. Connecticut banks show \$.41 above the average, Maine, \$.27 below the average. The banks with deposits up to \$5,000,000 in Connecticut pay \$10.72 more than the over-all average.

Bookkeeping Machine Operators

Unlike previous classifications in which there are wide differences in minimums, maximums, and actual averages paid, salaries for bookkeeping machine operators appear to be more consistent. The average for 233 banks reporting is \$47.11 per week. Connecticut banks show \$1.99 higher per week than the average; Maine banks, \$1.84 below this average.

The actual average salary for bookkeepers is approximately \$1 more per week than the average for utility clerks and \$1 less than that which is received by clerk typists.

Of the 242 banks reporting, 80% pay for and encourage employee and officer participation in A.I.B. courses, graduate schools, etc. Every bank in the largest deposit group

of the five states answered this question in the affirmative. However, it should be pointed out that, among other reasons, individuals in the smaller banks find it difficult or impossible to participate in banking courses, owing to the geographical location of their banks.

To the question; "Do you give automatic increases in steps during an employee's first year?," 44% of the total number of banks replying answered in the affirmative. We inquired as to whether or not banks have periodic salary reviews for employees and officers, and, of the total number of replies, 94% reported that they review employees' salaries, while 87% periodically examine officers' salaries. This procedure appears to be more informal in small and medium-size banks, while nearly 100% of the large banks reported affirmatively on both parts of this question.

Fringe Benefits

Of the 239 banks replying, 18 have profit sharing plans; about 25% have contributory pensions, group life insurance, and hospitalization plans, while approximately 40% have noncontributory plans. Of these 239 banks, 66% have a coffee break, 70% outings, etc., 60% free safe deposit boxes, 84% free checking accounts, and 126 banks offer their employees a reduced loan rate. The first vacation period is predominately two weeks, and 42% of the banks give additional time for length of service.

It is evident that the larger bank offers more fringe benefits than the small or medium-size institution. For example, in Massachusetts, 15 banks with deposits of \$25-\$75,000,000 reported as follows:

Outing, Christmas party	14
Free safe deposit boxes	14
Free checking accounts	18
Reduced loan rates	13

Sixty-six banks with deposits up to \$10,000,000 reported:

Outing, Christmas party	50
Free safe deposit boxes	34
Free checking accounts	58
Reduced loan rates	37

Additional fringe benefits mentioned in many of the 239 returns are as follows:

Free parking, blood bank, unlimited sick leave, accident and health insurance, reduced rate on

mortgage loans to employees, earned days (one day every three months and one additional day for an accumulation of four per year), gifts after long years of service or the completion of a higher educational course, contributions to employee association, special savings department for employees, free travel checks, free register checks, lunch allowance for shortened lunch hour.

Part-time Workers

One hundred and thirty-seven of 242 banks engage high school seniors on a part-time basis. Forty-six of these banks report excellent experience with them, 89 good, and two answered that their experience was poor. Ninety-three banks of the 137 retain a majority of these part-time employees after graduation.

Employee Turnover

Two hundred and thirty-three banks reported total employees of 8,344. In 1956, 1,864 terminated their employment, resulting in a 22.4% turnover. Thirty-four banks in Connecticut had a turnover in 1956 of 27.2%, compared with an average of 18% for the remaining 199 banks in New England.

In analyzing the returns from Connecticut we found that one of the important causes of female termination is "salary" or "another job," and the primary cause of male termination is "higher pay." As Connecticut is one of the leading industrial states in the United States, it could be assumed that the attributable cause of the comparatively high figure is competition from other industries.

Generally, the lowest percentage of employment turnover in New England appears in the medium-size banks, and, with the exception of New Hampshire, the highest percentage of turnover in the larger banks. In New Hampshire, 16 banks with deposits up to \$3,000,000 lost one out of every five employees last year, while in eight of the larger banks, one out of every 10 terminated their employment.

Looking into the causes of employment termination, we found that 96 banks (215 reporting) stated "pregnancy" the most important cause of female employment termination; 85 banks listed "marriage," 32 "salary" or "another job," and two banks gave the reason, "didn't like work," as the important cause.

Of 138 banks reporting on the causes of male termination, 100 listed "salary" or "another job" as the primary reason, with five banks stating that the most important cause was "didn't like work." Thirty-three banks gave military service as their primary reason.

Sources of Employees

As to the sources used by New England banks to obtain employees, below is a chart showing the first and second best source taken from the returns of 218 banks:

	First source: No. of banks	Second-best source: No. of banks
Schools and colleges	97	49
References from employees	89	79
Employment agencies	19	15
Division of Employment Security	13	23

Comparison with Three Large Banks

For comparative purposes we studied the returns from three large banks located in three different states, with total deposits of \$1-billion. In seven of the eight job classifications, the actual average salaries paid are approximately 10% above the other 235 banks surveyed. Of a total of 2,766 employees in the three banks, 705 terminated their employment in 1956—a 25.5% turnover. This is 3.1% higher than the turnover figure previously mentioned for 233 New England banking institutions. One of the large banks reported a 34% employee termination in 1956.

Fringe benefits are comparable with those in all other banks reported on, although two of the three large banks have established profit-sharing plans.

One bank stated that its primary source of employees is the Division of Employment Security, while two banks reported their best source as schools and colleges and their No. 4 source as the Division of Employment Security. Two of the three banks stated "pregnancy" was the most important cause of female termination; the third bank reported number one cause "higher pay." Two of the banks reported "higher pay" as the primary reason for male employee termination, while Bank Number 3 stated "another position" as the most important cause.

GOVERNMENT BONDS

*New Lows for Government Issues . . . New High Cost for Treasury Bills
. . . Cash Costs Treasury Nearly 3½% . . . Money Factors Emphasize
Tightness . . . Security Holdings Decline . . . Market Outlook*

MURRAY OLYPHANT

THE tie-up between the course of business volume and the behavior of the market for Government securities continues to be increasingly evident. If there is to be a let-down in the gross volume of business, then stabilization of the market would almost certainly take place. But, as yet, no evidence of such a let-down is discernible.

Business continues to ask for and to get new capital in increasing amounts. The needs of municipalities for new schools and all the other requirements for growing populations continue to be evidenced by sales of new bond issues in the market. Government expenditures remain high.

Phrases like a "rolling readjustment" simply cover the obvious fact that, while not all lines of business activity are showing improvement, enough are doing better to offset the declines and to maintain the high level of the total. The gross national product is expected to show a further increase each quarter of the year.

Certainly the demand for capital continues to exceed the supply. Only the Federal Reserve authorities are in a position to increase the supply, but to do so by pumping new deposits into the banks would very clearly be just another form of printing money, and they have firmly stated their opposition to anything of the kind.

Were there to be any evidence of even a minor recession in business volume, there might be justification for a change in policy, but, for the moment, nothing of the kind is contemplated.

As a result, there has developed increasing competition between the new offerings of Government securities and the offerings by industry and all the various Government sub-

divisions. The Government has had to pay more for its money on successive refunding operations and when there was need for new cash. So there should be no surprise over the continued decline in market values.

New Lows for Government Issues

In the week ending June 21, new low prices for 1957 were recorded by practically all of the long bonds. For example:

The 3% bonds 2/15/95 were 86.20 bid.

The 3¼% bonds 6/15/83/78 were 93 bid.

The 2½% bonds 12/15/72/67 were 85 24/32 bid.

But the decline seemed to have gone somewhat too far, and thereafter, what selling there was, dried up, and prices were marked up day by day.

Nevertheless, for the period from May 31 to July 3, declines of from 30/32 to 2 8/32 were recorded for all of the longer bond issues, the 3% bonds 2/15/95 registering the greatest loss. Some further improvement took place in the following week.

The anomaly of the shorter issues yielding more than the longer continued. For example:

	Yield Before Tax	Yield After Tax
3% bonds 2/15/95	3.52%	1.84%
3½% notes 5/15/60	3.76%	1.87%
2½% bonds 12/15/72/67	3.56%	1.99%
2¼% bonds 9/15/59/56	3.78%	2.13%
2½% bonds 11/15/60	3.73%	2.22%
1½% notes 2/15/59	3.75%	2.31%

Why should anyone buy the longer issues, especially as the needs of the Treasury for new cash in the second six months of 1957 certainly seem to forecast a further rise in short-term rates?

New High Cost for Treasury Bills

The regular weekly offerings of Treasury bills during June were highlighted by the issue on the 17th, which was taken at an average cost to the Treasury of 3.404%, making a new high.

Thereafter, the cost declined week by week, as indicated in the tabulation on page 55.

Dealers bid cautiously during the month and took a rather smaller part of the totals offered than usual. However, for the most part, they were able to dispose of their bills without loss and with little recourse to repurchase agreements, of which there were \$158,000,000 on June 5 but none on June 12. At the month-end, however, the RPAs rose to \$236,000,000, but these were easily eliminated in the following week, when the bill issue on July 8 went at 3.174% and corporations again bought heavily.

New Money Costs Treasury 3.485%

Having paid 2.824% for \$1,500,000,000 of 119-day tax anticipation bills on May 22, the Treasury came to the market again on June 26 for an additional \$3-billion of new cash.

Almost exactly as anticipated, the offering was again TA bills—this time for 264 days so as to coincide with the March 1958 tax date.

The usual privilege of bank payment by credit to Treasury tax and loan accounts was granted. While the bills were to mature on March 24, they could be used on March 15 to pay taxes with full interest to maturity, so that there was a 9-day advantage to taxpayers.

Subscriptions were allotted at a cost to the Treasury of 3.485%, but subscribers at 3.56% got 83% of

the amounts for which they subscribed. As soon as these bills were traded in the market (ex the tax and loan account privilege) they sold at about 3.80%. Once again, subscribing banks had to figure closely to avoid losing money.

Future Financing and Refunding

It is estimated that the Treasury will need between \$7- and \$9-billion more new cash in the remaining months of 1957. Then there is the total of almost \$24.5-billion of maturities to be refunded in August and October. Nearly \$16-billion of this amount matures in August, of which about \$7½-billion is owned by banks and others. Obviously, every effort had to be made to avoid a demand for cash payment on maturity. Heavy attrition would require even more new cash borrowing by the Treasury, and more than enough is in prospect already.

Treasury Pays 4%

(Editor's note: The Treasury's re-financing plan for the August-October maturities, announced on July

18, comprised a "roll-over" operation that included a 4% interest rate, highest since 1933.

(A 3-way choice was offered in exchange for the maturing securities, \$15-billion of which are held by the Federal Reserve System or by the Government's own trust funds:

(1. A 4-month 3½% certificate maturing December 1.

(2. A 1-year 4% certificate maturing August 1, 1958.

(3. A 4-year 4% note, due August 1, 1961, which can be redeemed by the holder at his option at the end of two years—August 1, 1959.

The operation cleaned up the Treasury's major refunding for the remainder of 1957.

(Treasury officials hoped there

would be a small demand for cash. They said the 4% rate was the lowest at which the Treasury felt it could sell securities in this market.

(The maturing securities carry rates ranging from 1½% to 3¼%.)

Money Factors Emphasize Tightness

All during June, the float remained high, which was to be expected over the tax-payment date. The average for the four weeks ending July 3 was just over \$1,150,000. But, despite the high level of the float, the increased demands for loans forced the member banks to up their borrowings from the Federal Reserve discount windows. Bor-

(CONTINUED ON PAGE 136)

Weekly Bill Offerings

Offered on	Amt. Offered (000,000 Omitted)	Average Cost	Dealers Took (000,000 Omitted)	Later Prices
June 3	\$1,800	3.374%	\$425	3.29% bid
June 10	\$1,800	3.256%	\$387	3.25% bid
June 17	\$1,600	3.404%	\$290	3.36% bid
June 24	\$1,600	3.231%	\$305	3.23% bid
July 3	\$1,600	3.238%	\$290	3.22% bid

THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THE bond market is generally believed to have reached its lowest level in this cycle. The rise in borrowing costs—i.e., higher interest rates—has presented serious problems for many banks and investors.

Fortunately, there was no widespread necessity for selling bonds at their depreciated prices. For the smaller investor, both private and institutional, losses were and still are great, potentially, under such circumstances.

Before the Independence Day weekend, the private investment markets were euphemistically described as "unsettled." Fact is that in that period great stickiness prevailed. The unsold portions of new issues reached sizable proportions, and gloom reigned in the underwriting fraternity.

Since then, conditions have improved, but there is still a good deal of wreckage around after the long storm of readjustment and price unsettlement. Looking ahead a little, it seems possible that the previous period of overabundance of issues may be followed by one characterized by a relative scarcity of new flotations.

THERE were few changes in the underlying money market conditions. The hearings in Washington on tight money versus easy money only highlighted the conviction of the experts that very little can be done that has not been done without adopting more or less stringent selective controls. These are held to be taboo.

New bonds offered publicly in the first half of 1957 attained the sizable proportion of \$9,319,714,000. Involved were more than 1,220 flotations. This compares with

\$6,473,001,000 for about 1,070 issues in the first six months of 1956. Respective housing issues included in the above totals were \$1,081,032,000, against \$1,022,216,000.

New stocks brought to market in the first half of this year attained the smallest aggregate since 1951. The figure of \$380,603,000 was for 70 issues. It compares with \$487,620,000 for 75 flotations in the first six months of 1956. Dollarwise, public utility stock issues of \$185,581,000 led the list, but they were followed closely by industrials, with \$159,341,000.

I N the bond sector of the new issue list, municipals predominated with \$3,583,751,000, followed by public utilities with \$1,714,910,000, and by Home Loan bank issues of \$738,000,000. The comparative 1956 figures were \$3,195,238,000, \$765,355,000, and \$444,940,000, respectively.

Continued high interest rates cannot help but be a restraining factor, particularly in the field of municipal and state financing. Government budgets are appropriated far ahead on advance estimates of revenue. None of these figures can be changed overnight. If new building and construction is contemplated and approved, allowance for borrowings costs are made. If the latter exceed previous estimates by too wide a margin, issues have to be postponed, the building of schools, highways, airports, and so on, has to be postponed until taxes are raised to compensate for these higher costs. Higher interest rates have, indeed, profound economic implications affecting many facets of business and industry, including employment, savings, and investment.

What Banks Are Doing

School Teacher's Thrift Idea Grows into \$9,000 Kids' Bank in Oklahoma City

A BUSINESS mathematics teacher's plan for encouraging thrift has grown into quite a bank in Oklahoma City.

Starting last January at the Northwest Knights High School by Instructor Soce Lewis, the bank had deposits of \$9,000 and 332 depositors when school closed in June. The passbooks were returned to the youngsters so that they could continue to use them during the summer at the Citizens State Bank. When school opens in the fall, the Citizens will ask the kids to take their books back to school.

Georgia Nelson's feature story about the bank in the *Daily Oklahoman* said:

"Lewis intended to instill habits

of thrift in students. But it produced other results that were gratifying to teachers. One boy who had little or no interest in school work and was becoming a problem student suddenly settled down to studying and saving the money he made on a parttime job.

"Students in the business mathematics class got valuable experience running the bank. Dee Oldfield, head teller, accepts deposits and makes out duplicate deposit slips, the original going to Citizens State Bank and the carbon to the depositor along with a simple card record of each account."

Nearly a dozen teachers at the school have also participated in the bank.

Phil Dorn and Janice Fox, depositors in the Northwest Knights Bank, receive their passbooks from Dee Oldfield, teller



The Citizens' cooperation in the enterprise will include promotional work in the fall, especially among the freshmen who, incidentally, were the busiest depositors last year.

"We feel that the project has been a success even though the total deposits are not great," vice-president Menter G. Baker, Jr., reports. "We have had some good publicity, put the name of the bank in a number of new homes, developed an interest in saving among the students, and added new customers who may be with us for a long time."


"Twin Accounts" Plan Links Savings and Checking

A NEW idea in personal banking service has been introduced at the Madison Bank & Trust Company, Chicago. It brings together a customer's personal savings and checking accounts, giving him both economies and conveniences.

Termed "Twin Accounts," the plan provides 10 free checks monthly if the savings account is maintained above \$600. In addition, for each \$100 of minimum balance maintained in the checking account three more free checks are given.

Thus a depositor who keeps his savings balance above \$600 and his checking balance above \$200 in a month is entitled to 16 free checks. The charge for additional ones is 5 cents each. The savings account, of course, would be earning normal interest.

A. Andrew Boemi, president of the Madison, said: "The incentive to save in 'Twin Accounts' is the free checking account. In addition the customer simplifies his personal banking by dealing with one financial institution rather than two.



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Bank's Rain Chart Is Popular in Fort Worth

CONTINENTAL National Bank of Fort Worth came up with an advertising idea that caught the public's fancy.

Last spring, you remember, Fort Worth had more rain than in any other two consecutive months in the 52-year history of the city's weather bureau. George Thompson, Jr., president of the Continental, decided to publish a large space newspaper ad featuring a reproduction of a weather bureau chart showing the rainfall in Fort Worth since 1905. Space was provided for adding precipitation figures through 1962. Free reproductions of the chart were offered.

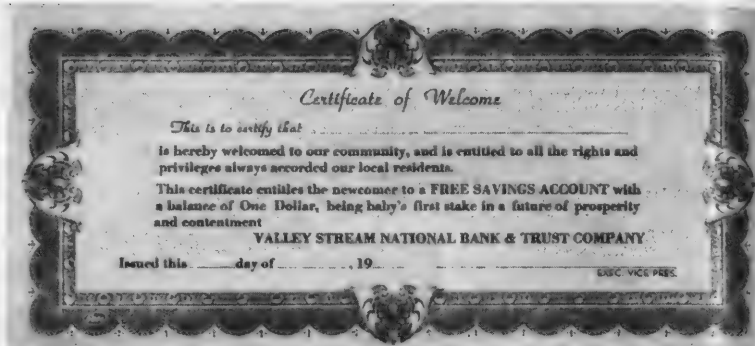


The bank's first supply of 1,000 charts was exhausted by noon of the day following appearance of the ad—and thousands more were ordered and given away.

Passbooks for Youngsters

BANK OF MONTREAL is distributing special passbooks—one for new babies, and the other for children that use the bank's "school wickets."

The infant books, decorated with nursery rhymes, are promoted through letters to parents whose names are available in the birth-note columns of the papers.



The bank's "baby bond"

Bank Starts Babies on Savings Path with Gift Account

VALLEY STREAM (N.Y.) National Bank and Trust Company has a "baby bond" which is just that.

Each week the bank scans the local newspapers for names of babies born in the area. A copy of the A.B.A. folder "Our Congratulations to You" and an engraved bond, drawn in the infant's name (see cut), go to the parents. The bond tells the rest of

the story—in brief, that the new arrival is entitled to a free \$1 savings account.

Says Harold H. Kruger, public relations officer:

"Not only does a proud parent call at the bank to open Junior's account, but invariably a number of gift checks are deposited together with the original gift dollar."

20 Banks in Countywide Educational Program

THE 20 commercial banks in Nassau County, Long Island, N. Y., have joined under the general leadership of the Nassau County Clearing House Association to conduct a 1-year advertising and public education program designed to "create a better public understanding of the important part that the commercial bank plays in the life of the community."

The program is a monthly series of 1000-line ads to be published in the 55 weekly newspapers that serve the county. Each ad, devoted to a key service offered by the all-purpose commercial bank, will be the focal point of a speakers' program with talks to be based on the ad of the month.

Showmanship and Service

A NEW public relations program at the Community Bank of Linden, N. J., combines service and showmanship—and brings people into the bank.

A series of exhibits, changed every three weeks, ties in, closely with events of local interest. For ex-

ample, in cooperation with the Linden Recreation Commission the bank had a show of watercolors and oil paintings by local residents. Viewers were so numerous that two more exhibits, by high school students, were arranged.

For a change of pace, the bank also features local industries. Recently it installed a Linden-made vending machine that provided free coffee and doughnuts to the public.

Coffee's on the bank!



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The Insurance Requirements of Trustees and Fiduciaries

Managing the Property of Others Subjects a Bank to Many and Sometimes Surprising Risks of Loss

This is the eighth article in BANKING'S series on bank insurance, written in Washington by HERBERT BRATTER.

PROTECTION of the bank and others associated with it in handling personal trusts and estates and corporate trusteeships often involves insurance problems distinct from those of the rest of the bank's operations. A first essential when a bank is called upon to handle property, whether as mortgagee, trustee, custodian or agent, is to review carefully the insurance, and strengthen it where necessary. For this purpose, useful guidance may be obtained from the A.B.A.'s *Digest of Bank Insurance*.

If the mortgagor has failed to provide the requisite insurance, the bank acquiring the mortgage usually has the right to effect proper coverage and add the cost of so doing to the mortgage debt. Banks doing a large mortgage business need an effective system of record keeping so that mortgagors may be notified in time to avoid lapses of policies. The bank must see to it that policies accurately name the insured, adequately cover the mortgaged property, are properly written by financially acceptable companies, and are endorsed to protect the bank.

In states where, in connection with fire insurance, co-insurance is mandatory or optional, the amount of the policy should be such as to protect the bank from bearing any part of a loss. It is desirable that the

mortgage indenture stipulate that the insurance company be acceptable to the bank, unless state law clearly so provides. Where co-insurance is involved, a proper appraisal of the property is indispensable. Since a bank may not be protected if a policy is voided because the insured mortgagor has failed to comply with all the policy conditions, the bank should always insist on use of the standard mortgagee clause without contribution. This can be extended to a bank's interest in a second mortgage, provided the insurance company is notified at the time the second mortgage is accepted or an order of procedure is included in the policy.

At Bank's Take-Over

Whenever a bank takes over the operation of property as assignee of rents or mortgagee in possession, the fire insurance company must be notified. In the former case the bank should ask the owner to give the bank possession of all other insurance on the property. If there is no public liability insurance or, where required, workmen's compensation, the bank should arrange for it in the owner's name, with the bank as assignee of rents.

An errors- and -omissions (fire) policy may be desirable to protect the bank on mortgage loans should the insurance on the property concerned prove inadequate, invalid, or nonexistent or should the bank be liable to a mortgagor for failure to renew a policy. Some banks require

mortgage borrowers to supplement fire and lightning with extended coverage as to windstorm, explosion, riot, hail, motor vehicles, etc.

When a bank manages real estate as executor, trustee, forecloser, assignee of rents, or custodian, its risk exposure is much broader than as mortgagee alone. It is important to remember that existing fire insurance policies protect the original owner, not the property as such; and when there is a new owner he is not automatically covered by the old policy unless, upon request, the insurance company so endorses it. The company should be asked to insure both old and new owners in the event fire occurs between the signing of the sale contract and transfer of title.

Immediately upon acquiring real estate, the bank should review the fire coverage. All policies should have the same forms and endorsements attached. Any co-insurance limitations should be considered. Losses should be made payable to the bank as fiduciary or agent. In selling real estate the bank customarily also sells the fire insurance policies to the same buyer, prorating the unearned premium.

Fire policies may be invalidated by an agreement by the insured to sell the property. If the form does not grant privilege to enter into a contract of sales, the company should be asked for a separate endorsement to that effect.

It is especially incumbent on fi-

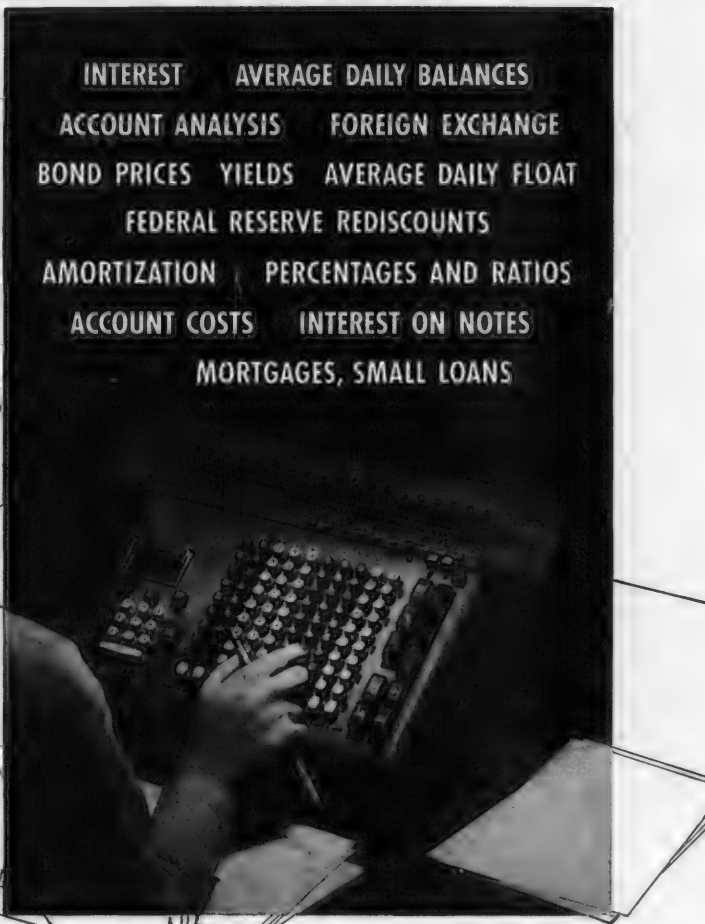
(CONTINUED ON PAGE 62)

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... with the fully automatic Friden Calculator—the one and only **Thinking Machine of American Business**—handling with new accuracy and speed the figure-work on such jobs as: ▶

INTEREST AVERAGE DAILY BALANCES
ACCOUNT ANALYSIS FOREIGN EXCHANGE
BOND PRICES YIELDS AVERAGE DAILY FLOAT
FEDERAL RESERVE REDISCOUNTS
AMORTIZATION PERCENTAGES AND RATIOS
ACCOUNT COSTS INTEREST ON NOTES
MORTGAGES, SMALL LOANS



Try out a fully automatic Friden Calculator on your tough, volume jobs. See how work speeds up and costs come down. The Friden performs more steps in figure-work *without operator decisions* than any other calculating machine. However your bank's figure-working methods develop, this immensely versatile Friden Calculator will always be basic in day-to-day operations.

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duciaries to effect premium savings where possible, lest they be held accountable.

Adequate public liability insurance on properties under the care of the trust department is of course of prime importance. A judgment obtained as a result of accident on premises managed by the bank may have to be paid by the bank without reimbursement from the estate involved. The bank, in other words, may be held liable individually as well as in its fiduciary capacity.

Two Liability Policies

Because the fiduciary relationship often arises suddenly, without time to determine the scope of the risks or arrange for insurance, the bank may protect itself by two standard forms of endorsement entitled Fiduciary Liability of Banks. One is for attachment to the Comprehensive General-Automobile Liability Policy; the other for the General Liability Policy without automobile insurance. Through these endorsements coverages, similar to those enjoyed by large trust companies may be had by smaller banks and trust companies.

The two fiduciary liability endorsements are intended to cover automatically any and all liability of the bank from injuries or damages arising from ownership or management of properties in estate, trust, and agency accounts. They protect anyone connected with the estate, trust, or guardianship, including any co-fiduciary, beneficiary, co-owner, life tenant, etc. They protect a bank acting as corporate fiduciary from double liability as between itself and the public and between co-fiduciaries and the public. Covered are, expect-

ing as to automobiles, cross claims as to bank officers and employees.

There are some advantages to having separate public liability policies on trust properties and the bank's own properties. Thereby conflict of interest, including possible difference in experience-rating credits, is avoided. Where two policies are used, both should be carried with the same company to avoid disputes as to liability should a bank employee be deemed to have caused the accident. The comprehensive policy covering the bank's own operations calls for an annual audit. For trust properties an annual audit is impractical. The policy may be written without expiration date and to cover automatically every piece of property as it comes under the bank's ownership in a representative or fiduciary capacity. The bank reports such acquisitions and the company issues 3-year certificates (1-year in the case of autos) on each such piece, effective when the bank's responsibility begins. A separate premium is charged on each certificate, facilitating billing to the individual trust or estate.

Where the bank's responsibility legally begins before the bank has had notice or a chance to effect specific insurance, the fiduciary endorsements give protection retroactively and automatically. Since either of the comprehensive liability policies with fiduciary endorsements is, if used exclusively for properties in trusts, guardianships, and estates, in effect a master policy, as each such property comes under the bank's control, it must decide whether to continue, increase or cancel policies already in effect on such property, in the latter event treating them as coming under the master policy. The decision, whatever it is, should

be communicated to the company.

Where there is a co-trustee or co-executor, a difference of opinion may arise as to the proper amount of insurance. Since in most states the fiduciary is individually liable for personal injuries or property damage suffered by third parties on or about trust premises, the bank should not consent to what it deems inadequate insurance merely to please the co-trustee or co-executor. To allow the co-trustee to determine the kinds and amounts of insurance protecting the bank makes no more sense than to allow him to determine what blanket bond the bank should carry.

Workmen's Compensation

Workmen's compensation coverage for trust real estate is as important as that for the bank's own properties. Often premium savings may be effected through a blanket or master workmen's compensation policy. Proper insurance of independent contractors working on trust properties is as important as in the case of the bank's own contractors. Automobiles forming part of a decedent's estate should be insured against liability claims as well as fire and theft. Other forms of insurance which may be used in the trust department include windstorm, earthquake, explosion, riot, sprinkler leakage, plate glass, rental value, use and occupancy, and the like. Where corporate trusteeships involve large commercial and industrial properties, the bank, if necessary, should seek competent outside insurance counsel. This is especially important at the time the bank takes responsibility.

If the value of securities, including mortgages or other movable assets in the trust department, is abnormally large as compared with total deposits, the amount of bankers blanket bond should be higher than the A.B.A.'s suggested range for the bank in question.

Managing the property of others subjects a bank to many and sometimes surprising risks of loss. Insurance protection against those risks requires careful study and alertness. Every precaution should be taken, as by the use of blanket or master policies, fiduciary-liability endorsements, and errors-and-omissions coverage, to make certain that in every case the bank is insured as promptly and fully as necessary.



There's a profit
on **BOTH** sides
of this coin



FINANCE OPERATION

1. Lets you offer complete service.
2. Helps you to close the contract.
3. Builds good will.
4. Encourages repeat business.
5. Cuts risk.
6. Changes "cash sale" and "no sale" to Installment Sale.

INSURANCE OPERATION

1. You are the Agent.
2. No longer a non-profit service.
3. You are the Complete Carrier for all installment financing.
4. Sound underwriting reduces loss—guarantees increased commissions.

Central National Insurance Companies

Write Every Type of Insurance Needed
to Conduct an Installment Sales Operation

Automobile Division

Medical Payments
Automobile Physical Damage
Insurance
Automobile Bodily Injury and
Property Damage
Wholesale Insurance

Inland Marine Division

Installment Sales Inland Marine
Floater Policy

Mobilehome Division

Comprehensive
Fire
Theft
CAC
Rental Value
Trip and Full Term
Collision
Limited and Broad
Form Personal Effects
Single Interest Collision
Combined V.S.I. and C.E.S.

Life Insurance Division

Health and Accident
Decreasing Life
Level Life
All Forms of Ordinary Life
Insurance
Group Mortgage Reduction
Life Insurance
Sav-A-Surance

Central National representatives work with you and your staff (and with the retailers who use your financing service) to explain better selling methods, to control sound underwriting, and to adjust your customers' claims with all possible speed.

For Complete Information on the Complete Carrier, write:

CENTRAL NATIONAL INSURANCE COMPANIES

Central National Building

Omaha, Nebraska



OPEN SHELF FILING

by Remington Rand

DIVISION OF SPERRY RAND CORPORATION

Compared to 5-drawer file cabinets, Open Shelf Filing saves up to 50% of costly floor space. Time studies have proven that Open Shelf Filing is 43% faster . . . *finding* 57% faster. Cost is approximately 30% of the cost of 5-drawer filing cabinets on a per filing-inch basis. Imagine the savings when filing voluminous trust, credit and mortgage folders — an ideal application.

For complete information write to Room 1823, 315 Fourth Avenue, New York 10, New York. Ask for free booklet LBV725.



Shown is an actual bank installation of Open Shelf Filing for the housing of Credit Files.

BANKING

BANKING'S

Business Building Bulletin

PUBLIC RELATIONS • ADVERTISING • SELLING

A Report on the Effectiveness of Bank Advertising

Sound Banking Methods

THE HIGH STANDING of this bank is equally due to the accurate safety it assures for funds deposited, the prompt and careful manner in which every account is handled and the personal interest shown to every depositor, thereby assuring him that his interests are identical with those of the institution. The policy of the bank is as liberal as is consistent with sound banking, and its each separate department the most up-to-date methods are employed, insuring exactness and the greatest dispatch in the handling of all business entrusted to it.

Commercial Accounts Solicited

The South Texas National Bank
211 MAIN STREET, HOUSTON, TEXAS.
INTEREST PAID ON TIME DEPOSITS



**A
Growing
Family
Needs a
Growing
House**

A Home Improvement Loan from The Toledo Trust Company will solve any financial emergency for making a home meet the needs of a growing family.

One of our 7 conveniently located Toledo Trust offices has fast service at moderate rates.

The TOLEDO TRUST Co.
Member F.D.I.C. Member Federal Reserve System Established 1846

BANKING'S Ad-Meter — Here we have the results of a test of bank advertising just made for us by R. L. Polk & Company in Toledo, Ohio. The purpose was to determine the public's awareness of bank advertising compared with various other kinds.

Bank advertising has changed much in recent years, along with the rest. The change has been in a general direction away from stuffiness. Above is a fair sample from 1908, the year this magazine started publication. Right next to it is a recent ad from the *Toledo Blade* which was one of the items figuring in this test.

We came across a clipping recently from the *Toledo Blade*. We can't find it, but it was something to the effect that people do not want their bankers to be too, utterly too friendly, according to the gospel of Dale Carnegie.

This recalls a survey once made to find out what people expected of a trust department. One question was, "Would you want a trust officer to act in an aloof, businesslike manner toward your widow?" The answer was, "If the trust officer does not act in an aloof manner toward my widow, he'll be sorry."

INTEREST in methods of making advertising more effective per dollar spent is very widespread. A great many advertisers are having critical looks at what they get for their money. This seems to be particularly true in top levels of management.

As a step towards developing the factual data on consumer reactions to bank advertising, a study was planned and carried out in the city of Toledo.

In general, the procedure was to interview a scientifically selected sample of householders. They were questioned as to their familiarity with bank advertising in general, and its quality relative to the advertising of other products and services. Householders were shown samples of various kinds of advertising which had appeared in the *Toledo Blade* just prior to the interviews. On the basis of this procedure, very interesting and informative data have been gathered.

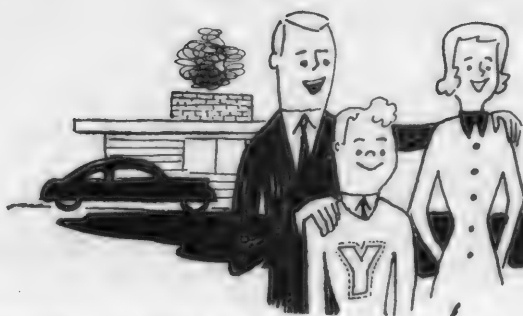
In evaluating this study, the details of which follow, the reader should bear in mind what was actually measured. Basically, such a study measures "readership."

Readership is a product of several elements. One of these is the degree of interest which newspaper readers may have in the subject advertised. People will read material on subjects which interest them, and the process of reading is itself an element in the degree of recall. That is to say, degree of interest affects readership, and recall is a function of thoroughness of reading.

It might be said that a readership study is in part a study of the amount of interest which people have in a given product or service as affected by the quality of the advertising in intriguing interest.

One of the purposes of advertising, of course, is to overcome apathy towards a product or service, and to overcome natural inertia towards making any effort.

On this basis, the questions in this study were designed to measure the quality of bank advertising in its ability to attract attention and its success in conveying information about banks in a manner interesting enough to compel sufficient reading to produce later recall.



Question: Do you read the daily newspaper regularly?

	Total
	(152)
Yes	91%
No	9
Total	100%

Of only those 139 respondents who reported that they read the daily newspaper regularly:

Question: Did you read the daily newspaper yesterday?

	Total
	(139)
Yes	75%
No	25
Total	100%

To the 104 respondents who reported that they read the daily newspaper yesterday:

Question: Did you go through the paper page by page, or did you look only for certain favorite pages which you look more or less regularly?



	Total
	(104)
Went through the paper page by page.	55%
Looked for certain favorite pages.	45
Total	100%

Question: Did you notice some of the advertisements?

	Total
	(104)
Yes	83%
No	17
Total	100%

Thus, of the 104 respondents who reported that they read the daily newspaper yesterday,
 53 (51%) went through the paper page by page and noticed some of the advertisements.
 4 (4%) went through the paper page by page and did not notice some of the advertisements.
 33 (32%) looked for certain favorite pages and noticed some of the advertisements.
 14 (13%) looked for certain favorite pages and did not notice some of the advertisements.
 104 (100%) Total

The figures, therefore, express relatives, and such figures, in evaluating advertising, should be used with appreciation of what they might convey. For instance, all householders are interested in food products. This interest is constant, because the need for food is always present. Bank services are required only from time to time, and a visit to a bank can be readily postponed from day to day, or even until "next month."

In this study, householders were asked: "In its ability to attract your attention, which would you say—that bank advertising is better, just as good, or not as good as automobile advertising, as savings and loan advertising, as public utilities advertising, and as appliance advertising?"

On this basis, bank advertising did not compare very favorably with these other forms of advertising, but the advertising of savings and loan companies did. About 60% of the respondents said that bank advertising was not as good in its ability to attract attention as were the advertisements of these other

products. A negligible proportion thought that bank advertising was "better than" this other advertising. A little over a third of the people considered bank advertising "as good as." Considering that interest in bank services is not expected to be intense, it might even be considered that this position relative to other advertising is a compliment to bank advertising.

The same kind of question was asked about the merits of advertising "in giving you information about the product or service." Quite a substantial proportion of people actually had no opinion on this point, and sometimes "no opinions" are significant.

Among the people who thought bank advertising was "as good as" these other forms of advertising, the rating was somewhat higher in respect to its success in giving information than it was for attention-value. Perhaps it could be deduced that bank advertising does not attract as much attention because people are not as interested in banks as they are in other service, but, once the attention is given, then the quality of this bank advertising, in providing

Question: Do you recall seeing or hearing any bank advertising, say within the last couple of weeks?

	(Total)
Yes	(152)
No	58%
Total	42
	100%

Of only those 88 respondents who recall seeing or hearing any bank advertising:

Question: Can you tell me anything special about that advertising which made it stick in your mind?

	Total
Yes	(88)
No	88%
Total	12
	100%

Of those 77 respondents who reported that they could tell "anything special about that advertising":

Interest Rate III III III III III III III
 Convenience III III III III III
 Purposeful Saving III III
 Home Loans & others III III
 Thrift III III
 Economy III
 Service III
 Stuffer, etc. III
 Safety II
 Friendliness I
 Account-opening inducement I
 Radio broadcast I

Of only those 88 respondents who reported that they recalled seeing or hearing bank advertising within the last couple of weeks?

Question: Where did you see or hear that advertising, and what is the name or names of the banks whose advertising you recall?

(Note that two of the institutions listed are savings and loan associations, which the respondents thought were banks.)

	Percent mentioning the indicated advertising medium for the indicated bank							
	% mentioning the indicated bank	News-paper	Magazine	Envelope Stuffer	Other mail	TV	Bill-board	Radio
Toledo Trust Co.	31%	29%	1%	4%	1%	2%	0%	2%
Home Savings B&S Co.	23	20	0	0	0	3	4	0
First Federal Savings and Loan Assn.	23	16	0	0	0	6	0	3
Lucas County Bank	16	16	0	0	0	1	0	0
National of Toledo	11	10	0	0	0	2	0	0
Ohio Citizens Trust Co.	7	6	0	0	0	1	0	0
All other banks	8	8	0	0	0	0	0	0
Don't know name	9	9	0	0	0	0	0	0

Thus, of the 88 respondents who reported that they recalled seeing or hearing bank advertising, 31% mentioned the Toledo Trust as the name of the bank; 29% mentioned seeing the Toledo Trust advertised in newspapers, 1% mentioned seeing the Toledo Trust advertised in magazines, etc.

information, is quite high. In other words, the advertising, as such, compares favorably.

Again, considering only the quality of the advertising, as distinguished from the product advertised, it would appear that bank advertising does quite well measured by another device. Householders were asked early in the interview, immediately after data on newspaper reading habits had been established: "Do you recall seeing or hearing any bank advertising, say, within the last couple of weeks?" Fifty-eight per cent said they had seen or heard bank advertising, and nearly all of these people (88%) said they could recall something "special about that advertising which made it stick in mind." They were asked to play back the things that made it stick in mind, and this they did very successfully.

The most frequently named bank advertising recalled was that of the Toledo Trust Company, named by 29%. The next two, in order, were savings and loan associations, which the respondents thought were banks. The Lucas County Bank was named

by 16%.

Practically all the advertising recalled was newspaper advertising. Toledo Trust Company envelope stuffers were mentioned by 4%, their television by 2%, and television by the two savings and loan associations was mentioned by about 5%.

When respondents were presented with a display of advertisements which had been clipped from the newspaper for the few days immediately preceding dates of interview, recognition of bank advertising was in fourth place. Ahead of it were certain food advertising, clothing advertising, appliance advertising, and behind it were public utilities and automobile advertising.

This ranking suggests that in attention-getting value, bank advertising rates fairly high. However, in thoroughness of reading, it does not do well. Only automobile advertising is read by fewer of those who recognize the sample advertisements.

If the purpose of the bank advertising was simply to remind householders of the existence of banks,

Question: In its ability to attract your attention, Which would you say—that bank advertising is better, just as good, or not as good, as automobile advertising? How does it compare with Savings & Loan advertising in ability to attract attention? With Public Utility advertising? With Appliance advertising? Of all 152 respondents, the percent who reported, from an attention-getting standpoint, that bank advertising is:

Better Than	As Good As	Not As Good As	Not Indicated	
5%	28%	52%	15%	Automobile advertising
5	39	29	27	Savings & Loan advertising
2	32	47	19	Public Utility advertising
1	25	60	14	Electric Appliance advertising
3%	31%	47%	19%	Average

Question: In giving you information about the product or service they are advertising, how does bank advertising compare with auto advertising? With Savings & Loan advertising? With Public Utility advertising? With Electric Appliance advertising? Of all 152 respondents, the percent who reported, from an informative standpoint, that bank advertising is:

Better Than	As Good As	Not As Good As	Not Indicated	
7%	28%	44%	21%	Automobile advertising
6	39	27	28	Savings & Loan advertising
4	35	36	25	Public Utility advertising
2	29	49	20	Electric Appliance advertising
5%	33%	39%	23%	Average

then the banks did all right. If they had a message to convey, then they had less chance of conveying that message than did other advertising.

All advertisers hope to get some action in some form as a result of their advertising. Respondents were asked whether or not they "took steps toward buying or doing" what the advertising suggested they buy or do. Three percent said they did.

This was the same score that public utilities advertising got, but food got a 35% score, clothing a 19% score, and appliances 10%. It simply means that people did not rush out and visit a bank in any very large numbers. On the other hand, if this bank advertising attracted 3% of all those who read it, then there can be no grounds for complaint on the results.

Newspaper Reading Habits

Any evaluation of advertising must take into account the possibilities of the advertising being seen

Question: Here are some advertisements which have appeared in the *Blade*. Which of these do you recall noticing in the paper?

Question: When you saw it, did you read all, most, or some, or none?

Question: As a result of any of those advertisements, did you take any steps towards buying the product or doing what the ad suggested you do?

Of all 152 respondents, the percent who:

	Noticed the advertisement	All	Most	Read Some	None	Took steps toward buying or doing
Automobile advertisement	22%	3%	3%	6%	10%	0%
Bank advertisement	47	5	9	23	10	3
Public Utility advertisement	32	3	6	18	5	3
Food product advertisement	59	20	18	18	3	35
Appliance advertisement	51	5	13	27	6	10
Clothing advertisement	52	9	18	19	6	19

Question: For the statistics, please tell me—what is the occupation of the principal income earner in the family?

Question: What is his job title?

or heard. Readership measures the possibilities of some actions being taken as a result of the advertising, but there can be no readership unless the medium itself is seen.

For that reason, this study tried to establish, by questioning, the possibilities of any advertising being seen.

Most people do read a daily newspaper—in this case, 91% read regularly. Not everybody reads every day. Seventy-five per cent of this Toledo sample had read the local newspaper "yesterday." Thus, 68% of Toledo consumers had read the newspaper "yesterday."

Of those who had read yesterday, 86% had seen some of the advertisements. In other words, almost 60% of all Toledo families gave the advertising some chance of being seen simply because they did read the paper.

Another sidelight on newspaper-reading habits seems significant: A little more than half of the readers are systematic about their reading. That is,

	Total (152)	
Professional, Technical and alike	3%	
Major		0%
Minor		3
Managers, Officials and alike	9	
Major		2
Owners, partners, proprietors		5
Minor		2
Farmers and farm managers	1	
Sales workers	4	
Major		1
Minor		3
Clerical and alike	9	
Craftsmen, foremen and alike	24	
Operatives	8	
Private household workers	1	
Service workers (except private household)	7	
Farm laborers and foremen	0	
Laborers	15	
Not indicated, retired, unemployed	19	
	100%	

Question: In what age bracket is he (principal income earner)?

	Total (152)
Under 30	5%
30 to 40	34
40 to 50	26
Over 50	34
Not indicated	1
Total	100%

Do you own your home—or rent it?

	Total (152)
Own	79%
Rent	21
Total	100%

Do you have a family savings account?

Do you have a family checking account?

	Total (152)
A savings account only	34%
A checking account only	8
Both savings account and checking account	36
Neither savings account nor checking account	22
Total	100%
The total percent reporting a savings account	70%
The total percent reporting a checking account	44%



they go through the paper page by page. Some 45% look only for certain items. This latter group of people are much less likely to see any advertising than are the regular readers, presumably because their interest and attention is pre-focused on certain items. Thus, 30% of these "certain-item readers" saw none of the advertising, while only 7% of the systematic readers saw none of the advertising.

Pre-interest in certain products is reflected in the fact that 52% say they are likely to be more attracted to the advertising of certain products than they are to advertising in general.

Some Comments on the Sample

The sample consisted of a series of 30 clusters of 5 householders in each of 30 blocks.

The blocks in the city were selected from Census

Block Statistics by a process which insured randomization.

Personal Characteristics of Respondents

It would appear that the interviewees constituted a good general sample of Toledo families. Seventy percent have savings accounts; 44% have checking accounts; 78% have either or both savings and checking accounts.

Seventy-nine percent are home owners.

Twelve percent are in executive or professional-type occupations.

Four percent are sales workers; 9% are clerical; 24% craftsmen of various kinds; 23% are operatives and laborers.

Thirty-nine percent of the sample are under 40 years of age, and 61% are over 40.



Demonstrating Bank Advertising Effectiveness

Scene 2—

“The Case Against Surmise”

Scene 1—*last month left the trial at the point where expert witnesses on the testing of bank advertising were about to give testimony on actual cases.*

The scene: A typical courtroom

The plot: Frank Surmise, advertising manager of The Friendly Bank and Trust Company, is being sued by the executive vice-president, Will B. Shone, to recover \$922.50 in advertising funds—which, Shone contends, were spent without tangible results. It is hard to see how Surmise could have kept himself out of this mess. He claims tests would show he needed more money and, besides, he thinks tests are bunk. The jury consists of the readers of *BANKING*. (Adapted for *BANKING* by William R. Kuhns, with sincere apologies to E. Scott Pattison, who wrote an original script on this theme for the National Industrial Advertisers Association.)

Faxworth: My first such witness is Mr. Diggs of the Uppan Dewing Advertising Agency. Mr. Diggs, will you take the stand?

(Diggs is sworn in, sits in witness box)

Faxworth: Mr. Diggs, have you ever seen these ads? *(Holds up several clippings)*

Diggs: Yes. They appeared in several recent New York newspapers and we used them to test the relative effectiveness of different space and copy.

Faxworth: Are such tests common and recognized in the advertising field?

Diggs: Yes, but not by many banks.

Faxworth: Are they expensive?

Diggs: Not at all. In this case we were testing to find the most effective use of 200 lines of newspaper space or an equivalent expenditure with special place-

ment. There were four steps in the study:

- 1st week—one 200-line ad
- 2nd week—five 40-line ads
- 3rd week—two 100-line ads
- 4th week—one 150-line ad with special placement on page 2 or 3.

All ads were run in different issues of the same paper and on the same day of successive weeks. The tests were made by street interviews and the results showed conclusively that, for the technique used, the two 100-line ads attracted 50 percent more observation than any other ways of using 200 lines.

Faxworth: Can small banks use these tests?

Diggs: Any bank of almost any size can use many different marketing research tools and find them useful. The first step is to select a senior or junior officer with an interest in analysis and an aptitude for research.

The next step is to find an interviewing organization operating in the bank's area. The local newspaper often knows and uses such an organization. I know a case where the wife of one of the newspaper men conducts surveys of this kind.

With a small skeleton organization, a bank can interview its own depositors and those of a competing bank, to learn how the bank stands with the public and how it can serve the public better. There are many other valuable uses for interviewing organizations, such as traffic studies to locate the best spot for a suburban branch.

Faxworth: How about sizes and techniques?

Diggs: These are subject to testing, which is unusually accurate. We've made many tests of large and small ads, cartoons, photographs and all copy. Larger ads, for example, are seen by more people but on a cost basis are hit by the law of diminishing returns. On the whole, cartoon ads, if done with originality and skill, receive higher observation percentages than photographic techniques or all-copy ads.

Faxworth: Thank you, Mr. Diggs.

Your honor, I have one other witness, John Action, the head of one of our largest savings banks. Mr. Action, please. (*Action steps into the witness box*)

Faxworth: Mr. Action, you have heard a great deal about testing the bank market.

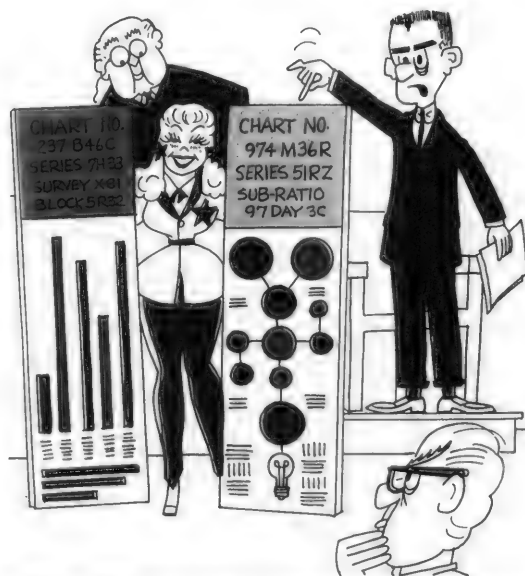
Action: Are you telling me or asking me? I've not only heard a lot, but our bank has done a lot about it.

Faxworth: That's what I want you to tell the jury. One gets the feeling that there is a great deal of surveying and testing and polling this and that, but little use is made of the information. Tons of facts and ounces of action, if you'll excuse the use of your name. How did your bank use its survey?

Action: Briefly, let me say that we, as most other savings institutions, told our promotion story in terms of our size, our longevity, the security we offered, and the interest we paid; and upon these facts we urged the consumer to save.

Last spring, however, we conducted a depth motivational research study. It took several months for this survey to be completed, analyzed and interpreted. The conclusions were important, at least to us, and brought about the beginning of a new approach to our savings market and our promotion philosophy.

We discovered, for example, that no one wanted to bank with us just because we are the largest and the oldest savings bank. Size and longevity seemed to make little difference, and



Mr. Diggs: Any bank of almost any size can use many different marketing research tools and find them useful.

yet we had been proudly advertising this information for years. We learned that we are not considered safer than other institutions for the simple reason that all savings banks are generally believed to be safe. And we also discovered that about 50% of all the people who save did not know the rate of interest that they were receiving.

As to what the saver and the potential saver primarily wanted, we learned that he wants to be able to bank conveniently. We discovered also that he does not entirely bank for the general purposes of thrift, but that he saves for very specific reasons. He puts money away consciously for the purpose of educating his children, to repair his home, to underwrite the birth of a new baby. Young women save to buy a trousseau. We determined various other specific purposes for which the consumer saves in order to have money to spend.

We created a long-range program, calculated to create, for our present depositors and future depositors, the maximum degree possible in savings bank convenience.

The convenience accounts were set up on the basis of the reasons the public gave for saving. These accounts are,

in the order of their popularity in the past 6 months: Rainy Day Account, Education Account, Automobile Account, Hobby Account, \$500 Account, New Home Account, Bride's Account, Home Improvement Account, \$1000 Account, Stork Account. These accounts are being advertised, merchandised and publicized individually, collectively — always aggressively.

In the six months we have opened 3000 of these convenience accounts which have accounted for about 8½% of our total gross of new regular accounts.

Faxworth: Thank you, Mr. Action.

Judge: (to defendant) Mr. Surmise, do you have anything to say before this case is turned over to the jury?
(Surmise returns to witness box)

Surmise: I would like to change my plea to guilty, but I still need more money. I just asked Mr. Diggs how much it would cost to test the effectiveness of our program and he said it would come to exactly \$922.50 — so you see . . .

Shone: (Jumps to his feet) Your honor! May I plead guilty too?

Judge: This is unusual and completely illegal, but I'm late for golf, so I'll leave it to the jury, the readers of BANKING!



Mr. Action: We discovered that no one wanted to bank with us just because we are the largest and oldest savings bank.

Judge Potter: Illegal! Completely illegal!



PETER PENNY 3-dimensional CUTOUT

Picture the Peter Penny symbol and slogan in "3-D" . . . atop counters, desks, ledges in your lobby, and/or in your bank's window . . . reminding present and prospective savers — while they are on your bank's premises — that "The BANK is the Saver's Best Friend"! Peter Penny and the panel bearing his message are printed in two brilliant colors on a white background; are each laminated to one side of individual pieces of plywood backing, lacquered on both sides. These two units slide easily into a walnut base in natural color (also lacquered), with a non-scratching felt pad on the bottom. Over-all height of the display is 5½"; base measures 2" x 7½". The three separate pieces of the display, ready for quick, easy assembly, are sent in a flat carton, by parcel post. The price per complete display (including postage): Just \$2.75. Here's one more effective tool to help spread the bank savings slogan; to help win savers for your bank. Why not order your colorful Peter Penny Cutouts now? Just write the A.B.A. Advertising Department for order form.

A.B.A. "School Saver" Children's Newspaper Helps



Published three times during the school year, *School Saver* is written, illustrated, and edited especially for youngsters in the 9-through-14 age group. Contents are carefully planned to tie in with their interests; presentation is painstakingly keyed to their reading and comprehension level — and the value of saving is stressed in every issue.

A recent A.B.A. survey of schoolroom opinion on *School Saver* (made with the cooperation of participating banks) brought hundreds of responses from teachers and principals; produced overwhelming evidence that both educators and pupils liked the newspaper very much.

Here are actual quotes on the subject of savings alone: "Very worth while, in that it makes the idea of saving more attractive to the student" . . . "Inspirational: Gives good ideas on how to save" . . . "Emphasis on savings very helpful in aiding students to acquire the thrift habit" . . . "You have attained your objective in *School Saver* — the furthering of thrift and saving."

As for banker opinion, the fact that bankers last year distributed well over a million copies of this newspaper in local schools is persuasive testimony that they find it an effective way to reach and teach the youngsters of their communities, and to build goodwill as they sell the savings story.

Like the typical issues shown here, *every* issue is designed to entertain—and educate; is jam-packed with puzzles, pictures, stories, and cartoons; information, inspirational pieces—and savings articles. The cartoon-strip is always on savings; the crossword puzzle always contains references to savings. The thrift theme appears frequently in each issue through the year.

Teach Youngsters The Importance Of Saving

Note carefully these special "personalizing" features of the *School Saver*:

ADAPTABILITY TO YOUR PROGRAM: You have a choice between an edition which refers to *school* savings accounts and one which refers to *bank* savings accounts.

INDIVIDUALIZATION FOR YOUR BANK: Bank name will appear in capital letters on page 1 . . . even the title of the publication may be personalized. Your own special material may be substituted on the top half or on the whole of page 1, at additional cost.

You are cordially invited to join the large and growing number of foresighted bankers who are helping to teach America's boys and girls the importance of thrift — at the same time winning for their banks important new friends: Today's youngsters . . . the bank patrons of tomorrow.

Reserve the right to sponsor *School Saver* in your community during the coming school year. For a sample copy of the new Autumn issue, details on ordering, and prices, write to the A.B.A. Advertising Department, 12 East 36 Street, New York 16, N.Y. Do it this week: Advance subscription saves money.

The forthcoming school year will be the 11th for *School Saver*. There have been many changes since the first issue . . . From the inception, it has been the editor's firm purpose to make *School Saver* ever more enjoyable for students, ever more useful to teachers — and thus to make it do the most effective "selling" job possible for the bankers who sponsor it. That is still a firm purpose.





Public Relations Information

BUSINESS DEVELOPMENT AND PUBLIC RELATIONS AT GSB

Reorganized Course

New approach, new title and new instructor lineup were introduced at the four sessions of this year's reorganized public relations course conducted by the American Bankers Association in June on the campus of Rutgers — The State University, New Brunswick, New Jersey. The course is part of the required Graduate School of Banking curriculum for second-year students.

Approach

The new approach: Emphasis on practical or firing-line aspects of public relations as a business and community building concept; logical division of the course into what can be done by banks INSIDE and OUTSIDE for success in winning friends and customers; and one whole session devoted to question-and-answer, student-and-instructor discussion.

Title

The new title: Inclusion of business development to make it a course on BUSINESS DEVELOPMENT AND PUBLIC RELATIONS rather than Public Relations Policies.

Instructors

The new instructor lineup: Robert Lindquist, vice-president, Harris Trust and Savings Bank, Chicago, Illinois; George M. Wasem, vice-president, Commercial National Bank, Peoria, Illinois; John P. Anderson, vice-president, First National Bank and Trust Company, Paterson, New Jersey; and Clinton B. Axford, editor, *The American Banker*. Rudolph R. Fichtel, assistant director and secretary of the A.B.A. Public Relations Council, is course administrator.



Class of 1958 listening to first lecture in G.S.B. Business Development and Public Relations course

'Program and a Team'

Changes in the course resulted from frank student evaluations, plus comprehensive re-examination of objectives and contents by G.S.B. officers, A.B.A. staff members concerned with different phases of the subject, and a "test group" of about 50, including bankers with an outstanding record of interest and achievement in public relations and related fields, as well as selected public relations technicians.

The changes reflect a transition from "some new ideas and a group of qualified men" into a "program and a team" — a coordinated course in four inter-related and integrated sessions.

Purpose

Among the changes was a re-statement of course purpose: To cover what every banker should know about winning friends and securing profitable business for his bank; and to inculcate the practical philosophy that good public relations for any bank (in terms of friends, customers and earnings) come from planned "business development" attitudes, actions and words on the part of everyone working for that bank, regardless of position.

Broad Objectives

The over-all course objectives are broad: To demonstrate how the individual banker or staff member can personally contribute to better public relations and business development for his own bank, and for banking as an industry; and to provide constructive information and facts that students from all types of banks — small and large, country and city, commercial and savings — can remember and apply locally in their own ways.



Instructor George M. Wasem (right) directs recording session in preparation for "Murder in the Bank" dramatization

Aids and Sources for Your Own Use

WHAT EVERY BANKER SHOULD KNOW...



Course administrator Rudolph R. Fichtel introduces "the instructor for the evening"

The 'Idea'

The "idea" is to contribute to the development of well-rounded banking executives, not to turn out finished public relations technicians or specialists.

Four Parts

The course is divided into four parts:

Part I. Introduction of public relations as something more than just a corporate achievement, virtue or ideal... a practical concept of bank business development to produce new customers, more per capita business with existing customers, more friends and greater earnings.

Includes meaning, importance, guideposts, goals and essential ingredients of public relations in banking, plus an appraisal of Where are we today? and Where are we going? including bank opportunities and responsibilities, as well as "the place of organized banking."

Part II. "Building an informed bank sales organization within" — what can be done inside the bank toward development of a service-conscious "sales team" and maximum services and facilities for customers, all with a view to acquiring, holding and increasing profitable banking business.

Includes public relations aspects of personnel relations, training and salesmanship, with the spotlight on customer relations. The "case method" of instruction is used to present some realistic situations that occur every day in every bank, actual problems that confront all banks.

Presentation of this subject is almost entirely by picture (slides) and sound (tape recording). Theme?

"Murder in the Bank" — the "murder" of profitable, desirable bank business, including customers, prospects and "large chunks of bank staffs."

Part III. "Building the banking market without" — what can be done outside the bank to develop an expanding sales potential or market. Includes market research, advertising, publicity and press relations, community relations, plus other "business development" activities and facilities.

Part IV. Strictly a "class participation" or free-style group discussion session — questions and comments from the students and answers and comments by a panel of instructors, based on the subject matter presented in the first three parts or sessions of the course. Questions are asked from the floor or written on cards especially distributed in advance for that purpose. Object is to help students apply to their own jobs and to their own banks the information and facts obtained in the first three sessions.

Other Highlights

In addition to audio-visual presentation of the provocative theme, "Murder at the Bank," other highlights of the course this year included distribution to the students of public relations aids and sources, and student completion of a Public Relations Self-Audit Check List.

Answers to the Check List are being tabulated and will be summarized in an early edition of *BANK-ING's Business Building Bulletin*. Many banks have already found the Check List useful as a guide for analyzing their own public relations situation. Copies may be obtained from the A.B.A. Public Relations Council on request.



"Sitting ducks" for student questions, from left to right: Instructors George M. Wasem, Robert Lindquist, John P. Anderson, and Clinton B. Axford

TRIPLE-S BLUE STAMPS



WILL OPEN SAVINGS ACCOUNTS AT



Society for Savings
Hartford • Connecticut

you can open a new \$6 savings account with one book of Triple-S Blue Trading Stamps and only \$3.

You may open new savings accounts for yourself — your children — and other members of your family. For education, vacation, home, or any worthwhile purpose. One book of Triple-S Stamps will be accepted for each new account opened.

8 O'Clock Bank Has Free Coffee and Expert in Retailing

CHICAGO'S MADISON BANK & Trust Company, open at 8 A.M. to accommodate commuting customers who get free coffee in the lobby, has engaged an expert in retailing to manage its personal banking services. He's Marvin W. Strunk, formerly an executive of Marshall Field.

A. Andrew Boemi, president of the Madison, said Mr. Strunk was engaged "to create the kind of atmosphere which retailers have developed to an exact science and which our bank hopes will make the opening of a savings account, personal checking account, or even the granting of a personal loan as easy and convenient as shopping in a fine store."

The bank's "earlybird service" aims at making banking more convenient for Northwestern Railroad users and office workers in the West Loop area. The coffee is a hospitality gesture.



"Premium" Stamps Redeemable for Savings Accounts at Hartford Bank

PEOPLE IN Hartford, Conn., can now use trading stamps to open new savings accounts at the Society for Savings.

One book of Triple S blue stamps, plus \$3, is good for a \$6 account. The copyrighted arrangement is operated by Super Saver Plan, Inc., New York City, whose president, John B. Bissell, worked out the idea.

The bank sends to the Plan the books "deposited," and on which a redemption adjustment is made. Stamps are still redeemable for merchandise premiums; but now the retail purchaser who gets them at markets, gas stations or other places has the added "premium" choice of money in the bank. Stamps are accepted only for new accounts.

When the plan was announced Mr. Bissell said negotiations were under way with other banks to make the new kind of premium available.

As a promotion piece, the company has prepared a thrift booklet which goes into every shopping bag at Hartford area markets.



"Any Luck, Mister?"

A FAMILY FISHING guide has been published by the Northwestern Banks of the Minneapolis area.

The book is for everybody who likes to wet a line. There are instructions on how and where to catch 'em, and how to cook 'em, too. A digest of fishing laws in Minnesota and adjoining states, and in Canada, helps anglers keep out of trouble.

Text and diagram demonstrate baiting a hook, filleting a northern pike, rigging a cane pole.

Of course the book has a banking angle, too — several, in fact. The reader is advised not only to check his tackle before he goes fishing, but to check into the bank's savings certificates. Another unobtrusive ad advises saving for "that fishing vacation." And the back cover reminds that cash for the new boat or bigger motor is available with "charge a loan service" at any of the 12 Northwestern banks.

S... THAT HAVE WORKED

By John L. Cootey



Bank-Department Store Tie-in With \$192,000 TV Quiz Show

THE PAN AMERICAN BANK of Miami and a department store in that city joined with Revlon, Inc., in a cosmetic promotion dramatizing the \$192,000 won on the company's television show by 10-year-old Robert Strom, the New York science wizard.

The bank furnished \$192,000 in small bills—mostly \$1's and \$5's—for a display at the store. More than 175,000 people, we're told, inspected the currency during the three-day showing.

A simulated isolation booth and a live "guard" (a Miami bathing gal) were in the window. Two bank guards and two city cops were on hand, too. The money was delivered by armored car with motorcycle escort. Pan American officers were present at the show's opening.



In the Miami department store admiring the \$192,000 loaned by the Pan American Bank are, l. to r., the bank's "guard," Madeleine Ferland; Miss Carol Neel, who demonstrated cosmetics; and J. Samuel Garrison, bank's PR man.

Bank Gives Four-year College Scholarship

THE FIRST NATIONAL BANK of Seaford, Del., has established a four-year college scholarship, worth a total of \$400, to a member of the graduating class of the local high school.

For several years the bank sponsored an annual trip for the seniors to the Federal Reserve Bank of Philadelphia, but the increased size of the classes made the project difficult and the bank substituted the scholarship of \$100 a year for four years.

There are no strings on the curriculum selected by the winner, but the grant goes only to a student attending a four-year college.

Financing a College Education In Virginia

Today's Costs and
How to Meet Them

1957-1958

PREPARED AS A PUBLIC SERVICE

BY
THE BANK OF VIRGINIA



The Bank of Virginia, Richmond, has issued a revised edition of its booklet, "Financing a College Education in Virginia." Originally published in 1955, the brochure reports on the costs of higher education at institutions in the state, and suggests how to meet them. One way, of course, is long-term savings by parents. Pictured is the cover of the new edition. More than 25,000 copies of the book have been distributed in this country and abroad.

Big Sunday Ad Aims at Recruiting and Bank Service Promotion

A FOUR-PAGE "spectacular" ad published by the Citizens & Southern National Bank in the Sunday magazine of the *Atlanta Journal-Constitution* had a twofold purpose.

Keyed to the headlined theme, "A Good Place to Work Means a Good Place to Bank," the ad sought to interest young people in bank careers and to show the public that it gets better service because C & S seeks to make its jobs "as rewarding and interesting as possible."

The story, told mostly in pictures, was about bank people at work and at leisure.

"The most important product any bank has to offer is the services of people," said the copy. "Indeed, the major difference between banks today lies in the skills and attitudes of the individuals who serve a bank's customers. The Citizens & Southern Banks are convinced that getting capable people and developing their abilities to the utmost is a policy that makes for better service to the folks who choose C & S as their bank."

IDEAS THAT HAVE WORKED

Bank Stages "Automation and Banking" Exhibit

AN EXHIBIT of electronics in banking attracted wide public attention at Mellon National Bank and Trust Company, Pittsburgh.

A series of panel displays and operating models demonstrated the development of computation, from the replacement of Roman numerals by Arabic digits, to the use of magnetic ink characters. Also shown were early business machines and some modern counterparts, a visual presentation of how today's computers operate, and an explanation of the "check of the future," with numerals that will activate machines.



Visitors at Mellon Bank's main office see a panel illustrating systems of numbers, part of the automation exhibit.

A New England Booster

THE NATIONAL Shawmut Bank of Boston publishes "This Is the New New England," a 16-page well-illustrated brochure offered as "an affirmation of faith" in that old section of the country.

New England's industrial development, production, markets, educational and research facilities, transportation, financial role, and other features of her diversified economy are told tersely in text and pictures.

"Shawmut believes," says a message from the bank, "that New England today stands at the brink of a great new industrial future, characterized by automation and powered by the atom."

IDEAS IN BRIEF

City, Citizens, Bank

A BROCHURE LINKING community, people and bank was published by The Connecticut Savings Bank, New Haven, to celebrate its 100th year. The booklet, highlighting landmarks in the city's long history, especially acclaims New Haven's program of "Redevelopment, Renewal and Revitalization." Attractive full-page drawings supplement the brief text.



Open House Visitors Get Their Photos

MERCHANDISE NATIONAL BANK of Chicago took pictures of the guests at its open house marking completion of an expansion project. The photos were made as the visitors toured the main lobby, and prints were handed out on the spot. More than 7,000 persons saw the bank's new quarters.

Leaders

EAST RIVER SAVINGS BANK, New York, published small pictures of its trustees in a "Leaders in Thrift" folder distributed to depositors. Each man was identified on an inside leaf.

County History

THE HISTORY OF ST. LOUIS COUNTY is sketched in a new booklet distributed by St. Louis County National Bank of Clayton, Mo. The area's growth from a farming community of 36,000 people in 1890 to its present population of more than 600,000 is traced.



Suggesters Honored

THE COUNTY TRUST COMPANY of White Plains, N. Y., gave a dinner and theatre party for 15 staff members who had contributed useable operating and service ideas in 1956. The bank has an "Idea of the Month Club," through which scores of suggestions are received.



First National Bank in Dallas.
Architect: George L. Dahl, Dallas, Texas.

Why the *Pittcomatic* is a sound investment!

As a progressive banking official, you are naturally interested in anything that boosts your business. Pittsburgh's *PITTCOMATIC*... the nation's finest automatic door opener... does just that. Whether in a new building or in remodeling your present entrance, the installation of the *PITTCOMATIC* has proved its ability to bring in more business to every department. Moreover, it has kept existing customers better satisfied. It has maintained greater efficiency in

the flow of traffic in and out of the building. This has been the experience of bankers all over the country.

What is the *PITTCOMATIC*? It is an automatic device which opens doors at the lightest touch—silently and smoothly. It is the safest automatic door opener on the market today. A compact unit, the *PITTCOMATIC* is easy to install and it involves no major structural changes in the building entrance. Entirely self-contained, it is a double-acting power

hinge. There is no visible operating mechanism. Utilizing a $\frac{1}{3}$ horsepower motor, it uses no more electricity than the conventional home refrigerator. It can be used to open tempered all-glass, metal-framed, or wood doors. And it is available for *handle, mat, or remote* operation.

There is a great deal more we should like to tell you about the *PITTCOMATIC* and its application to your particular requirements. Why not fill in and return the coupon?

PITTCOMATIC®

...the nation's finest automatic door opener



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

Pittsburgh Plate Glass Company
Room 7329, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pa.

Without obligation on my part, please send me complete information on the *PITTCOMATIC* automatic door opener.

Name

Address

City State

NEWS for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

Nat'l Agricultural Credit Conference Plans Are Laid

A SPECIAL subcommittee of the Agricultural Commission of the American Bankers Association met in Chicago last month to develop a program for the Sixth Annual National Agricultural Credit Conference. The conference will be held at the Morrison Hotel in Chicago, November 21-23.

Bankers from every state in the nation and from several foreign countries are expected to attend.

The 1957 conference will highlight the tight money situation and the effect this has on agricultural credit. Emphasis will be given to dynamic technological developments and current agricultural credit problems. Special group discussions will be held on a regionalized basis. The national leaders in banking and other professional fields will headline the two and one-half-day conference.

Special registration forms and additional information will appear in subsequent issues of BANKING.

Harry W. Schaller, president, Citizens National Bank, Storm Lake, Iowa, is Commission chairman.

Opportunity-Marketing Tour

MORE than 110 North Carolina bankers and farmers participated in a 5-day "Farm Opportunities and Marketing" tour through five southeastern states.

The caravan was planned to assist in finding more opportunities to increase per capita farm income in North Carolina. It was sponsored by Wachovia Bank and Trust Company, North Carolina State College, and North Carolina Department of Agriculture.

The location of adequate marketing facilities in an area was rated high among the opportunities available to boost income. Other opportunities cited by hosts to the tour include area and community development programs, research, practical management, diversified enterprises, intensified operations, nearby industry and individual foresight and determination.

The caravan was made up of some 60 bankers plus more than 40 farmers, county agents, agricultural

teachers, college extension specialists, and farm editors from all sections of the state. Wayne A. Corpening, M. Edmund Aycock, O. J. Howell, Jr., and Henry Simons, Jr., of Wachovia's agricultural staff were in charge. Accompanying the group were L. Y. (Stag) Ballentine, N. C. Commissioner of Agriculture; John L. Reitzel, Assistant Commissioner; Dr. Carey H. Bostian, chancellor of N. C. State College; Dr. D. W. Colvard, dean of the School of Agriculture at State College; and other officials of the college and bank.

Perhaps the high point of the tour was the visit to Norris Cattle Company's Flint River Farm near Montezuma, Ga. This was described as one of the outstanding hog operations and beef cattle feed lot operations to be found in the United States. It consists of 10,000 acres supporting 3,500 steers and 300 sows. "Flint River Farm represents the ultimate in management," Mr. Corpening said.

Price-Support Loan Terms

REGULATIONS providing the terms and conditions under which banks may participate in the price-support loans in the Kansas City area appeared in a recent issue of *Federal Register*. Reprints of these regulations have been distributed to each of the banks in Colorado, Kansas, Missouri, Nebraska, and Wyoming. Other banks may obtain copies by writing to the Kansas City CSS Commodity Office, 560 Westport Road, Kansas City 11, Mo., or to the Commodity Credit Corporation, Washington 25, D. C.

Rating Management Talent

"To appraise a farmer's managerial ability you must base your opinion on his past record," said Alvin L. Hocker, director of The National Bank of Catasauqua

Tractor furnished by a local dealer and on display in the lobby of the Iowa State Bank in Des Moines was of interest to many of the bank's farm customers. In background, at right, is Board Chairman W. A. Broquist and, fourth from right, is President Hugh N. Gallagher



and farm editor, Call-Chronicle Newspapers, Inc., Allentown, before an agricultural clinic of the Pennsylvania Bankers Association's Group V, while speaking on "Appraising Management."

"A good manager should show enthusiasm for his farm, his cattle, and his crops," said Mr. Hocker. "Signs of defeatism are not good for him—or for his creditors."

Mr. Hocker gave these rules for analyzing the management of a dairy farm's operation:

(1) Is the milk sold in the best possible market? For example, if milk is sold to a butter creamery or cheese plant, it may be because the farmer isn't able, or willing to meet the inspection requirements necessary to qualify for the more lucrative fluid-milk market.

(2) How about herd replacement? Does the farmer raise good heifers or is he a good customer at auction sales?

(3) Is the farmer a heavy buyer of dairy feed, or does he rely heavily on home grown feed? Does he have a silo? How is he fixed for hay and pastures? Is it good hay and improved pasture?

(4) Does the farmer belong to a Dairy Herd Improvement Association or breed association? These rate fairly high on the list as an indication of good management.

"Success in a farm enterprise should indicate a degree of stability and managerial ability," he said.

Machinery Not Keeping Pace

"THERE has never been a more demanding emphasis on the importance of securing good, well experienced labor," Clifford L. Orbaker of the Doane Agricultural Service, Doylestown, said at the agricultural clinic of Group V of the Pennsylvania Bankers Association.

"The machinery and equipment which we use on our farms today is becoming so complex that our farm engineers are not keeping up the pace," said Mr. Orbaker. "They are behind in designing farm equipment that will reduce labor to a minimum and will reduce the cost of growing our roughages by one-half of today's cost. How far away is the time that we will commercially pick our tomatoes with a mechanical picker, that our grapes will hang from arbores overhead and be clipped from the vine, that our hay will be handled in small cubes and handled only once from the time of baling through the feeding process? . . . We have progressed from canning to freezing to dehydration. What is



Top Bank of America executives dropped in on the Sunday barbecue at the University of California's College of Agriculture at Davis, where 30 branch BofA officers were pursuing a 2-week resident farm study course (page 102 July BANK-ING). Left to right, John Hopkin, agricultural economist; Frank E. Young, vice-president and personnel relations officer; Ralph Boynton, director of staff training; D. S. Langsdorf, vice-president and secretary; Jesse W. Tapp, chairman of the board, Los Angeles; and Earl Coke, vice-president and former Assistant Secretary of Agriculture. All save Mr. Tapp are from the San Francisco head office

next? Perhaps atomic energy will provide a way and show us how to economize and utilize our American dollars for the purpose of producing a faster, cleaner, and cheaper product.

"The livestock of tomorrow can certainly differ from the animals we are using today, if we continue the trend toward producing the type of meat or other by-product which our customers demand.

"Production of livestock cannot help but follow the pattern which has been experienced with our hybrid crops, such as corn. The poultry industry, indeed, has recognized the advantages of cross-breeding. There is no doubt but that the cross-bred hog produces the type of meat in a shorter length of time and the type of most desirable meat that consumers want."

Giving Statement Aid

THE person assisting in the preparation of a farmer's financial statement "should be patient and assume a helpful attitude," Abram G. Bucher, special representative, The Lancaster County (Pa.) National Bank, said in an address on "Farm Financial Statements" before the Pennsylvania Bankers Association's Group V agricultural clinic. "He can give assistance more efficiently if he has a working knowledge of agriculture and market value," he said.

Continuing his discussion, Mr. Bucher pointed out that the making

of a financial statement "is an appropriate time to explain the importance of arranging for repayment of the loan in accordance with the farmer's income and his ability to repay. The basis for repayment should not be determined on hopeful thinking but on factual information of the farmer's operations and management. Indeed, a knowledge of these factors is necessary for analysis of a total financial statement and finally determines whether the loan can be granted or must be rejected.

Determining Fertility Need

"THE annual guessing game for many farmers, both successful and otherwise, starts when they sit down to order lime or fertilizer," said James H. Eakin, extension agronomist, College of Agriculture, Pennsylvania State University, at the PBA agricultural clinic.

Continuing Mr. Eakin asked his audience to "just stand back and look at a corn field. Could you guess the pH, phosphorus, potash, or organic matter level of that field?

"The answer is, you couldn't even come reasonably close on the total fertility level of that field. Perhaps this field is loaded with potash and the farmer purchases a high potash fertilizer. If the extra money spent for unnecessary potash was used to purchase more phosphorus his yield might be increased 25%. In other words the age of guessing belongs to another era of our agricultural

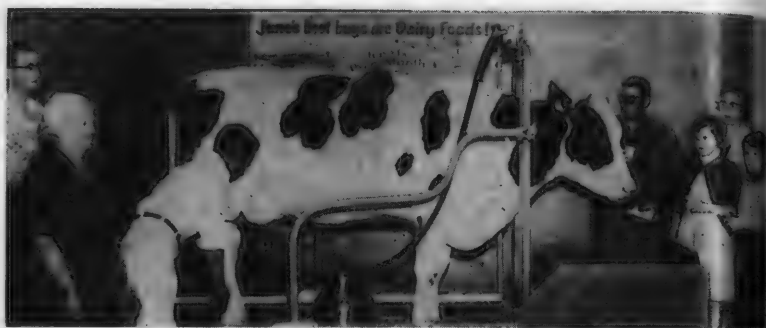
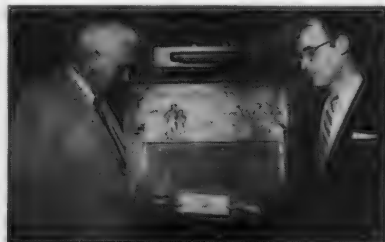
history; there is no room for guessing games today. Banking is business and so is farming. A banker wouldn't think of not keeping his books in good order. Neither should a farmer, but many can't remember what analysis of fertilizer or even how much was applied last year. You as a banker can help greatly to assist the farmer who is caught in a price-cost squeeze. Try to help this farmer keep his unit cost of production down by urging him to use exact scientific methods and businesslike conduct."

Farmer-Banker Cooperation

"THE Farmer-Banker Team" was the theme of an address by Melville M. Parker, president of the Pennsylvania Bankers Association and executive vice-president, The First National Bank of Lebanon, at the PBA clinic.

In summary, Mr. Parker stated: "We bankers must constantly keep in mind that agriculture represents a most important segment of our economy. Its dependence on bank credit as evidenced by our large volume of farm loans, and the local bank's support and cooperation is comparable with the reliance which business and industry place on banking services. Increased agricultural production will be required in the years ahead to meet the needs of a growing population. Therefore, the alert country bank will have still greater opportunities to build farm business, and if that business is greater than the local bank can handle, within its own limits, then by bringing its city correspondent

M. Monroe Kimbrel, executive vice-president, First National Bank, Thomson, and immediate past president, Georgia Bankers Association, presents Robert Strickland Agricultural Memorial Award for 1956, to C. B. McAllister, president, Sea Island Bank of Statesboro. The award, given by the Trust Company of Georgia, includes a bronze plaque and a \$2,000 scholarship check. For details see page 100 July BANKING



Nell, a 4-year old registered Holstein who produced 12,000 pounds of milk last year, was the center of attraction in this June dairy month exhibit in the lobby of the First National Bank of Elkhart, Indiana. The cow was attended at all times by Noel Stuckman, a recent graduate of Purdue University's Agricultural School

into the picture—getting the big bank on the team—the local bank will be in a position to meet the farm credit requirements of its community. And let us not forget that on our banker-farmer team we must constantly help develop young farmers through 4-H Club sponsorship and give support to other farm youth programs. Our farm youth must be trained . . ."

Price Trends Move Sideways

FORECASTING that agricultural price trends would probably continue a "sideways movement" for the remainder of 1957, Robert G. Hoover, associate economist of the Federal Reserve Bank of Cleveland, recently discussed postwar "Agricultural Price Trends" at the PBA agricultural clinic.

Included in his remarks were the following comments:

"Farm prices are characterized by instability. To follow the course

charted by farm prices over the post-war years would frustrate the talents of a water moccasin swimming in a wine vat. . . . To pick a central trend from this tortuous course of the past is sometimes nearly as difficult. Price movements over the past year and a half are somewhat typical of this uncertainty of direction.

"To illustrate this instability, let us go back to the end of hostilities following World War II . . . During the two and one half years following the Japanese surrender, the farm price-level skyrocketed by more than 50%. Farm cost-rates lagged behind; farm profits rose to heights never attained before or since. This most profitable period in the history of American agriculture became symbolic, unfortunately, in the minds of many (even today) as a normal level. . . . In February 1951, farm prices were at an all-time high, exceeding by a narrow margin the previous high reached three years earlier.

"And then again came a long price decline. The Korean War went from hot to cool to cold and eventually to an uneasy peace. But farm output continued to climb; surpluses continued to mount. By the end of 1955 the level of farm prices was at a postwar low about 30% below the record high of five years earlier.

"During the first half of last year another in this series of wild gyrations held some promise of developing. . . . Since fall of 1956, prices have followed essentially a sideways movement. It is as good a guess as any that they will continue this movement (with allowance for a few wiggles) through most of the remainder of this year."

(END)

State officers of the Future Farmers of America toured The Fulton National Bank of Atlanta recently while visiting several other large Atlanta business concerns. President W. V. Crowley, center, visits with the state FHA officials, which include James Thomas, state president; Danny Strickland; Benny Gaston; Maylon London; Billy Denson; and Waylan Cheney



THE FIRST NATIONAL BANK OF AITKIN
 Aitkin, Minnesota
 October 11, 1936

Brandt Automatic Cashier Company
 Watertown, Wisconsin

Gentlemen:

It is noteworthy that this Bank has consistently, for the past fifty years, used Brandt coin handling machines and their interrelated products.

When we completely remodeled our banking quarters in 1934, we installed eight new Model 150 Brandt Coin Changers, one electrically operated Coin Counter and Sorter and one electrically operated Coin Wrapper and Counter.

Brandt Coin Changers enable our tellers to give fast, accurate service to our customers and serve greatly to eliminate the usual overages and shortages in balancing cash at the end of the day. Our many years of favorable experience with the Brandt Coin Changers prompted us to install the electric Coin Counter and Sorter and the electric Coin Wrapper and they have proved their efficiency and accuracy and have paid for themselves many times over by the saving of time and labor.

The modern bank today must operate with the greatest speed and efficiency and without our Brandt coin handling machines, this would be impossible. No longer need our tellers spend their time hand-sorting, counting and wrapping coins, thanks to our Brandt coin handling machines, and it is

We heartily recommend the Brandt coin handling machines, and it is our firm belief that they can't be beaten.

Yours very truly,

T. R. Hansen
 T. R. Hansen
 Vice President and Cashier

Interior view of First National Bank of Aitkin, Minnesota

"The modern bank today must operate with the greatest speed and efficiency and without our Brandt coin handling machines, this would be impossible."

The above quotation is taken from a letter received from the First National Bank of Aitkin, Minnesota, reproduced herewith.

The Brandt coin handling machines that are serving this bank so well in their daily transactions include eight Brandt Automatic Cashiers, one electrically operated Brandt Coin Sorter and Counter and one motor driven Brandt Coin Counter and Packager.

Like many banks throughout the land the First National Bank of Aitkin has equipped each of its tellers with a Brandt Automatic Cashier.



BRANDT AUTOMATIC CASHIER CO.
 WATERTOWN Established 1890 WISCONSIN

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office



President R. Hobart Morris seated at his desk during a conference with staff officers James Warburton and Richard Kigans

Bank Invests in Youth Through a Soil Conservation Contest

AMOS I. GARRISON, JR.

MR. GARRISON is a soil conservationist with the Soil Conservation Service of the U. S. Department of Agriculture in Marietta, Ohio.

LIKE most bankers, R. Hobart Morris, president of The Peoples Banking and Trust Company, Marietta, Ohio, knows a good investment when he sees one. But that wasn't the only reason he made what he considers one of the best investments he ever made.

"The principles of conservation that are brought to our young people through this program will make our community a better place in which to live," declared Mr. Morris, at a banquet some months ago for 14 high school students who were being honored. These students had made the highest grades in their respec-

tive schools in a written test on conservation. This unusual contest had been sponsored by The Peoples Banking and Trust Company of Marietta for all schools in the county. About 500 students participated.

3-Way All-Expense Tour

These high-scoring students had won an all-expense, 3-way tour to the Muskingum Watershed Conservancy District, a soil and water research station, and industrial plants in the vicinity. Since the spring of 1954 over 1,700 high school students have entered this bank-sponsored contest and over 50 winners have made the tour.

Mr. Morris and his banking directors are convinced that the several hundred dollars they have spent on this contest is a sound investment in

community betterment. "What is good for our community is good for all of us," he states.

He was speaking about a program which has been close to his heart since its beginning in 1953. In that year, at the suggestion of James Warburton, the bank's public relations director, Mr. Morris asked representatives from county and city schools, U. S. Soil Conservation Service, and the Agricultural Extension Service to meet with him and other bank officials. He wanted help in planning a program that would promote more conservation teaching in the schools of Washington County. Someone suggested the old essay type of contest, but the teachers disapproved. They had had enough of that kind of thing. The suggestion of a true-false, multi-

ple choice kind of test, however brought favorable comments. The more they thought about this idea the better they liked it. Here was something that could be scored easily and yet would be a valuable teaching help.

Cooperative Undertaking

Before that meeting was over, preliminary plans were laid. It was agreed that the test would be given to all biology students on a given date in all county high schools. The Extension and SCS people agreed to organize and get together the study materials for each school. This covered five major subjects—soil, water, minerals, forestry, and wildlife conservation. Mr. Morris appointed a local soil conservationist to head the committee to plan the test. Included on this committee were teachers, the county agent, the SCS area conservationist, Mr. Morris himself, an Extension wildlife specialist, and Robert Finlay, supervisor of conservation education for the Ohio State Department of Education.

At the second meeting of the steering committee, plans were laid for a "kick-off" dinner for school heads and biology teachers. At this dinner the test program was explained. Mr. Finlay and C. W. McKnight, SCS area conservationist from Cambridge, were asked to plan the tour.

Each member of the committee developed questions for the test. A meeting was then held and the 100-question test was substantially completed. Each question was based upon the resource material which was available for study by biology classes. This material included pamphlets from Government agencies, industry, and others on all phases of conservation.

Sample Questions

Here is an example of the type of questions used: "The most active force of soil erosion in Washington County is (1) water, (2) wind, (3) plowing, (4) frost.

"Recognizing the need for conservation of soil and water, the farmers of Washington County, by vote, authorized the organization of the Washington County Soil Conservation District. True or False."

Here are some other typical questions:

"Which one of the following should
(CONTINUED ON PAGE 89)



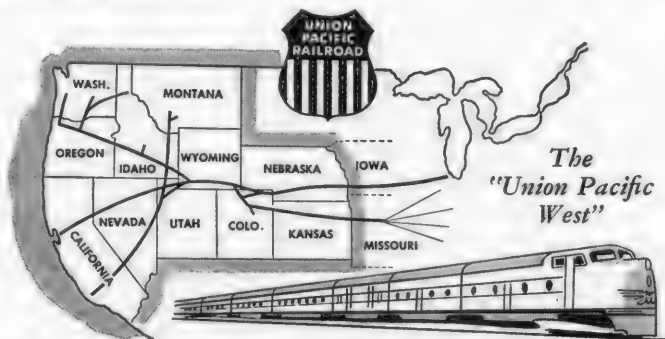
MAINTENANCE SAVES MORE MONEY THAN IT COSTS

It's always a temptation to let needed repairs on your home go "until next year." But common sense tells you that proper maintenance *now* will cost you far less in the long run.

On the Union Pacific Railroad, we believe in keeping our entire transportation system, throughout the thirteen Western states we serve, in first-class condition *all the time*.

In 1956, for example, our bill for maintenance of right-of-way, structures and equipment totaled nearly 133 million dollars. More millions go into the constant improvement of our property.

The result is that Union Pacific can offer shippers the fast, modern freight transportation they need, and passengers the superbly comfortable, enjoyable and safe travel that brings them back, time after time, to the road that serves more of the West than any other railroad.



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Railroad

Omaha 2, Nebraska

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The First National City Bank of New York

Capital Stock

(Par Value \$20 Per Share)

Holders of the Bank's outstanding Capital Stock are being offered the right to subscribe at \$60 per share for the above shares at the rate of one share for each 5 shares of Capital Stock held of record on June 24, 1957. Subscription Warrants will expire at 3:30 P.M., Eastern Daylight Saving Time, on July 22, 1957.

The several Underwriters have agreed, subject to receiving opinions of counsel, to purchase any unsubscribed shares and, both during and following the subscription period, may offer shares of Capital Stock as set forth in the Offering Circular.

*The Chairman of the Board, in his letter of May 24, 1957
to the Bank's Shareholders, said in part:*

"In recommending that the capital funds of the Bank be enlarged, the Board of Directors is conscious of a responsibility to the country for the Bank to develop at a rate commensurate with the nation's growth and demands for banking services; a responsibility to our depositors to maintain a capital position of unquestioned strength; and a responsibility to our shareholders to provide a strong foundation on which to build for the future. The soundness of the capital increase through the sale of stock in 1954 has been evidenced in that our business has grown to a point where our present capital ratios have returned substantially to those existing prior to that increase. In the light of the enlarged and expanding national and international economy and foreseeing over the years ahead a continuing growth in population and national product and expansion in world trade, we are confident that the proposed addition to our capital funds is in the interest of our shareholders. It will enhance our capacity to serve our present customers, to attract new business, to further broaden our services and to support future growth."

Copies of the Offering Circular may be obtained from any of the several underwriters only in States in which such underwriters are qualified to act as dealers in securities and in which the Offering Circular may legally be distributed.

The First Boston Corporation

Morgan Stanley & Co.	Kuhn, Loeb & Co.	Blyth & Co., Inc.	Harriman Ripley & Co. <small>Incorporated</small>
Dominick & Dominick	Goldman, Sachs & Co.	Lazard Frères & Co.	Lehman Brothers
Clark, Dodge & Co.	Eastman Dillon, Union Securities & Co.	Glore, Forgan & Co.	
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Stone & Webster Securities Corporation	White, Weld & Co.	Dean Witter & Co.	

Banks Invest in Youth

(CONTINUED FROM PAGE 87)

be developed as wildlife land? (1) deep woods, (2) corn field, (3) fencerow, (4) pasture.

"Good forest soils, which take water quickly, can hold (1) more than 50%, (2) less than 50% of their total volume."

As these questions show, they were worded in order to teach as well as test. A simple answer key was developed for quick grading. Ties were to be settled by a short essay justifying the answer to one of the questions.

Over 500 high school students from the 14 schools in the county took the test the first year. It didn't take long to pick the winners.

One member of the group summed up the feeling of all on the value of the tour when he said: "The tour

was a very worthwhile, inspiring, and happy experience." Similar expressions from the rest of the group were enough to convince Mr. Morris and bank officials to continue to sponsor the program.

Actually, several thousand people have taken the tour with the contestants by means of a color slide record which was made of the tours. A tape recording narrating the trip was developed for use with the slide sequence. This slide talk has been shown to all county schools and many civic groups within the county.

Teachers and educational leaders report that students are enthusiastic about this program. News stories, radio and television, letters to teachers, and exhibits at the county fair and in the bank display window have kept the public informed.

"We want to continue doing our part as long as the program serves the community as we know it has been doing," said Mr. Morris. "We are sure that it has been an effective way to bring the message of conservation into many more urban as well as rural homes."

NABAC Holds School for Auditors, Comptrollers at Wisconsin U, Madison, on July 28-Aug. 9

The NABAC School for Bank Auditors and Comptrollers holds its 5th session at the University of Wisconsin, Madison, July 28-Aug. 9, with an enrollment of 307 bankers. Mills B. Lane, Jr., president, Citizens & Southern National Bank, Atlanta, will speak at the graduation exercises for the class of 97 seniors.

Ohio BA Distributes Data to Members on Preventing and Solving Robberies

Material covering procedures to follow in preventing and solving bank robberies, written by Sergeant Vernon L. Walker of the Detective Bureau, the Franklin County Sheriff's Office, Columbus, has been distributed throughout Ohio and in many other areas by the Ohio Bankers Association. In general, the printed instructions and training material are the essence of a talk and movie shown by Sgt. Walker at the recent annual convention of the Ohio Bankers Association.

The basic pamphlet points out that good observation on the part of bank employees leads to the solution of more bank robberies than any other factor.

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HUGE, BRILLIANT SCREEN **100% AUDIENCE ATTENTION**
GROWING THEATRE AUDIENCES
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Our film libraries contain 104 Banking Films in full color, designed to build up virtually any banking business. They were tailored to fit **your** objectives after consultation with many bankers and top banking organizations. No special productions are needed. This means economy to you.

Theatre audiences are made up of your finest prospects — people in the Ages of Accumulation and Purchase — people forming their business and banking habits — people ready to become your customers who will stay with you for many years — This means advertising efficiency and economy for you.

**REACH YOUR PROSPECTS WITH THEATRE SCREEN ADVERTISING
SEND THIS COUPON TODAY FOR DETAILED INFORMATION**

Motion Picture Advertising Service Co., Inc. or **United Film Service, Inc.**
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Please send me detailed information about how we can build our banking business with a Low Cost Theatre Screen Advertising Program. This will obligate me in no way.

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Trusts with Reserved Interests

Careful Drafting of Trust Instruments Will Effect Estate Tax Savings

WILLIAM J. BOWE

This is the tenth in a series of estate planning articles by MR. BOWE, who is professor of law at the University of Colorado.

LIFETIME gifts will generally result in substantial estate tax savings. The gift tax rates are fixed at exactly three-quarters of the estate tax rates. This, however, does not mean that a lifetime gift saves only 25% of the potential estate tax. The saving will practically always be much greater than this because of the lifetime exemption, the annual gift tax exclusion, the gift splitting privilege, and the gift tax marital deduction, plus the fact that the value of what is given is taxed at the lowest applicable gift tax bracket but is removed from the highest applicable estate tax bracket. Thus, a gift of \$50,000 by an unmarried donor with an estate of \$200,000 will attract gift tax of about \$900 but avoid estate tax of about \$15,000. The reason is that only \$17,000 is taxable because of the \$30,000 exemption and the \$3,000 exclusion. This \$17,000 is taxed at rates that begin at 2¼% and run to 8¾%, whereas the entire \$50,000 is removed from a 30% bracket.

Further maximum family taxes will be saved if the gift is to a trust for the benefit of the donee. First, the trust may be so drafted as to avoid any tax on the death of the primary beneficiary;¹ second, the trust permits arrangements that will result in minimum annual income taxes on the income the trust produces.²

However, to achieve these results the donor must divorce himself from all interests in and control over the property transferred. He may

not retain either the use of the property during his life or any substantial possibility of getting it back at a later date, if his donee predeceases him, nor may he retain control over the persons to whom or the time at which the distributions are to be made.³

Reserved Life Estates

Code Section 2036 taxes as part of the estate of a donor the value of any property transferred by him after March 3, 1931, in trust or otherwise, if he retained the right to the possession and enjoyment of the property or the right to the income therefrom for (1) his life; (2) a period not ascertainable without reference to his death, or (3) a period which did not, in fact, end before his death.

Gift Tax on Transfers with Reserved Life Estates. Gift taxes, measured by the value of the remainder interest, will be incurred on the creation of a trust with income reserved to the grantor for life. This results in a gift tax which achieves no advantage, since the income continues to be taxable to the donor, and the capital will be part of his taxable estate at death.

What Constitutes a Reserved Life Estate. The obvious case, one directing the payment of income to the grantor, will be immediately recognized. Suppose, however, the trust agreement provides for the payment of the income to the wife of the grantor during her life, then to the grantor, if he survives her, with ultimate distribution to the children. Here the retention is of a contingent secondary life interest, which may never come into enjoyment. While there was some uncertainty in the earlier cases, it is now

clear that full value of the property, less the wife's outstanding life estate, will be included in the gross estate of the grantor, if he predeceases his wife.⁴

Suppose the trustee is authorized to pay the income either to the children of a grantor or to the grantor, as the trustee may in his discretion determine. The trustee's discretion may be uncontrolled or it may be conditioned upon an external standard. The estate tax results will depend on the type of discretion given. If the trustee has an unfettered power to pay the income to the grantor or to another, as the trustee in his absolute discretion may decide, the grantor does not have a right to the income, within the meaning of the estate tax section.⁵

But if we assume that the trustee is to pay the income to the grantor only if, as, and when he may need it to maintain his accustomed standard of living, the result is different. Here the chances that the grantor will ever, in fact, enjoy any of the income would seem to be much less likely than in the absolute discretion trusts, but, strangely enough, this restriction on the power of the trustee is the very thing that results in the inclusion of the property in the grantor's estate.⁶ The grantor, in the objective standard trusts, has a right to the income on the happening of the contingency. A court of equity would require the

(CONTINUED ON PAGE 92)

¹ See BANKING, December 1956, p. 76.

² See BANKING, January 1957, p. 82.

³ See BANKING, February 1957, p. 61.

⁴ Commissioner v. Estate of Nathan, 159 F.2d 546 (C.C.A. 7th 1947).

⁵ But note the income will be taxed to the grantor, since it may be paid to him by a person without an adverse interest. I.R.C. Sec. 677(a).

⁶ Blunt v. Kelly, 13 F.2d 632 (C.C.A. 3rd 1942).

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MANUFACTURERS TRUST COMPANY

Head Office: 55 Broad Street, New York

112 OFFICES IN GREATER NEW YORK

Statement of Condition, June 30, 1957

RESOURCES

Cash and Due from Banks	\$ 755,488,292
U. S. Government Securities	648,701,549
U. S. Government Insured F. H. A. Mortgages	69,289,155
State, Municipal and Public Securities ..	163,701,356
Stock of Federal Reserve Bank	4,511,700
Other Securities	29,684,752
Loans, Bills Purchased and Bankers' Acceptances	1,190,485,926
Mortgages	39,291,518
Banking Houses and Equipment	18,246,950
Customers' Liability for Acceptances ...	43,245,591
Accrued Interest and Other Resources ...	8,969,685
	<u>\$2,971,616,474</u>

LIABILITIES

Capital (5,039,000 shares—\$10. par) ..	\$ 50,390,000
Surplus	100,000,000
Undivided Profits	61,487,602
	<u>\$ 211,877,602</u>
Reserves for Taxes, Unearned Discount, Interest, etc.	24,368,184
Dividend Payable July 15, 1957	2,519,500
Outstanding Acceptances	46,653,110
Liability as Endorser on Acceptances and Foreign Bills	22,152,607
Other Liabilities	1,165,736
Deposits	2,662,879,735
	<u>\$2,971,616,474</u>

United States Government and Other Securities carried at \$131,763,839 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 90)

trustee to distribute it to him on a showing that it was needed to maintain his accustomed standard of living. For this reason, he has retained a contingent right to the income as in the secondary life estate cases. In the one case, the contingency is survivorship, in the other, need.

Indirect Reservations of Income. The courts have been astute to look through disguised transactions and find reserved enjoyment of income wherever the facts warranted such a conclusion. In *Estate of Cornelia B. Schwartz*,⁷ the decedent had transferred property to her children in exchange for their promise to pay her an annuity for life. The children then transferred the property to a trust, directing the trustee to make the payments to their mother. The court held the property includible in the mother's estate on the theory that she had retained "the possession and enjoyment or the income from the property" for her life. The result seems sound. There was obviously a family understanding as to what would be done. Suppose X is about to sell Blackacre for \$50,000. Instead of receiving the purchase price, he directs that the purchaser create a trust, income to X for life, remainder to his children. Obviously X, rather than the purchaser, is the real grantor of the trust, and, since he has reserved the income for life, the trust capital will form part of his estate at death. These situations are similar to the reciprocal trusts which will be discussed in a later article.

The courts look to substance rather than form. Suppose Father owns all the stock of the X Corporation. He transfers the stock in trust for the children, after arranging for the corporation to pay him a salary which will absorb substantially all the corporate profits. Here he has retained the income from property albeit in the guise of salary.⁸

Trusts to Satisfy Legal Obligation. Father will be held to have reserved a life estate in any property he transfers to a trust with income payable to Mother but to be used by her to pay household expenses. The same result will obtain if Father creates a trust to pay for the education of his minor children or otherwise to defray the costs of supporting his dependents. Trusts,

however, may be advantageously created for the support, education and maintenance of adult children, since the parent has no legal obligation to support them once they attain 21.

Possibilities of Reverter

Types of Reverters. Frequently property will be transferred to an irrevocable trust for the benefit of children and grandchildren, with no intention on the part of the grantor of retaining any interest or string whatever. However, the trust instrument may fail to provide what distribution is to be made if all the children and all the grandchildren should predecease the grantor. If this most unlikely event should occur, the capital, under state law, will be returned to the donor, since he failed to dispose of it in the remote contingency. This is known as a possibility of reverter by operation of law.

In other cases, grantors will deliberately retain the possibility of having the property return to them because they want to make the transfer less than absolute. Father may be perfectly willing to part with the property to Mother, but he does not want it to come into the possession of the children in the unlikely event that Mother should predecease him. For this reason, the trust agreement may provide that the income is to be paid to Mother, the capital, to be distributed to the children upon her death unless Mother predeceases Father; in which event the capital is to be returned to him. Here he has consciously and intentionally given away less than

the full interests absolutely. The children must survive him in order to enjoy the property. This is known as a possibility of reverter retained by the express terms of the instrument of transfer.

The court decisions, culminating in *Spiegel*,⁹ had been extremely strict in requiring the inclusion of the property in the estate of the donor if any possibility of reverter, no matter how remote, existed. In *Spiegel*, the transfer was by a father in trust to pay the income to his children until his death, at which time they were to receive the principal. In the event any child died, during the father's life, his share of the income, and ultimately of the corpus, was to go to his issue; if none, to his brother and sister; if either or both were dead, to their issue. No provision was made for the almost impossible contingency that all the children and all the grandchildren might predecease the father. In fact, he was survived by all the children and several grandchildren. The corpus of the trust amounted to \$1,000,000. As of the moment immediately preceding the father's death, the chance that the property would come back to him because of the deaths of all the beneficiaries was actuarially determined to have a value of \$60. But the chance, worth \$60, resulted in the inclusion of \$1,000,000 in his taxable estate.

The result was absurd and shocked Congress into immediately passing remedial legislation.

Tax Consequence of Reverters. Under present law the existence of a possibility of reverter will not cause the full value of the property to be included in the estate of the donor unless:

- (1) The beneficiaries must survive the donor in order to take the property and
- (2) The possibility of reverter had a value in excess of 5% of the value of property, immediately prior to the donor's death.

Further, if the transfer was made before October 8, 1949, the date of the *Spiegel* decision, there is the further requirement that the possibility of reverter must have been retained by the express words of the instrument.

(CONTINUED ON PAGE 94)



"I wish you and my office would get together on when a man has reached retirement age!"

⁷ 9 T. C. 229 (1947).

⁸ *Holland*, 46 B.T.A. 807 (1942), modified I.T.C. 564 (1943).

⁹ *Spiegel's Estate v. Commissioner*, 335 U.S. 701, 69 S.Ct. 301 (1949).



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says Elmer Roessner, business columnist for the McClure Newspaper Syndicate

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(CONTINUED FROM PAGE 92)

The proposed estate tax regulations under the 1954 Code make it clear that a possibility that the property may return to the grantor through inheritance from his donee does not constitute a possibility of reverter.

How the Rules Apply

A few examples will illustrate the application of these rules.

(1) Father creates a trust, income to Mother for life, remainder to her estate. This is known as an

"estate trust" and will qualify for the marital deduction.¹⁰ The fact that Mother may die and leave her estate to Father or that Father may inherit her estate under the laws of intestacy does not constitute a possibility of reverter.

(2) Father transfers property in trust for Son for life, remainder to Grandson if living at Father's death. The contingency that Son and Grandson may predecease Father is not provided for. If the trust was created prior to October 8, 1949, noth-

¹⁰ See BANKING, February 1957, p. 61.

ing would be included in Father's estate, whenever he dies, regardless of the value immediately before his death, of the possibility that the property might return to him. If, however, the trust was created on or after October 8, 1949, the full value of the property, less Son's outstanding life estate, would be included, if, but only if, Father had a better than 20-to-1 chance of surviving Son and Grandson.

(3) Suppose Father creates a trust for Mother for life, remainder to his parents, but, if they predecease Mother, corpus to be returned to him, or, if he be dead, to his brother. Here, presumably, he would have a better than 20-to-1 chance of getting back the property, but there must be deducted from the full value of the property the value of the interests that are in no way dependent on surviving him. It is clear that Mother's life estate will continue without regard to whether Father dies or lives. The parents may come into enjoyment of the fee without surviving Father. Only his brother must survive Father in order to take. Therefore, only the value of the brother's contingent interest may be taxed as part of Father's estate.

It seems undesirable, in most cases, to provide for possibilities of reverter, either expressly or by operation of law, since the valuation is determined as of the uncertain future date of the grantor's death. He might, as of the date of the gift, have an interest worth less than 1% but, because people have the habit of dying out of the expected order, a single death before his might increase the value of his chance from 1% to 20%. Trust draftsmen will therefore continue, unless some very good reason exists, to eliminate any possibility of reverter by either a final contingent gift to charity or by vesting the fee in the estate of the last dying beneficiary.

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That will get a poor husband down!

STEPHEN SCHLITZER

The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of June 30, 1957

RESOURCES

Cash and Due from Banks.....	\$ 84,095,486.06
United States Bonds.....	84,254,105.19
State and Municipal Bonds.....	9,437,233.12
Other Bonds and Securities.....	3,306,454.94
Loans and Discounts.....	163,283,396.20
Banking Premises Owned.....	4,502,349.91
Income Accrued Receivable and Prepaid Expense.....	1,234,931.34
Other Resources.....	810,076.75
TOTAL.....	\$350,924,033.51

LIABILITIES

Capital Stock (\$25.00 Par Value).....	\$ 11,875,000.00
Surplus.....	11,875,000.00
Undivided Profits.....	4,705,306.91
TOTAL CAPITAL FUNDS.....	\$ 28,455,306.91
Reserve for Dividends, Interest, Taxes, etc.....	5,093,120.19
DEPOSITS:	
*Commercial, Bank and Savings.....	307,630,070.86
U. S. Government.....	9,691,811.92
Other Liabilities.....	53,723.63
TOTAL.....	\$350,924,033.51

*Includes \$6,321,793.35 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law of the State of Ohio, Section 1107.12 is a preferred claim against the assets of the Bank.

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NATIONAL CLASS "31" multiple-duty machine provides fast operation and flexibility for posting many bank applications.



MINNESOTA'S LARGEST STATE BANK uses a 100% National System.



PROOF-TRANSIT WORKLOAD is processed with accuracy, speed, and efficiency by these National 20-tape central control and proof machines.

**"Our *National* Machines
repay their cost every 3 years...
return 35% annually on the equipment investment!"**

— *Fidelity* STATE BANK Minneapolis, Minnesota

"Fine customer relations are a vital part in the growth of any bank," writes C. Herbert Cornell, President of the Fidelity State Bank. "As the largest State Bank in Minnesota, we feel that much of our continued customer good will is due to the complete banking facilities which our modern National System enables us to offer our depositors.

"We have a modern National System that meets the needs of all of our departments. For checking account posting, we use six National Unit Plan bookkeeping machines; for installment loans, a National window-posting machine. Our Mortgage Loan

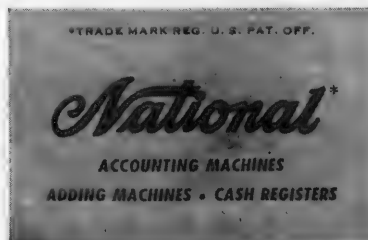
Department has a Class 41 remittance control machine. For multiple-duty bank accounting, we use a National 'Class 31,' as well as two National savings machines and three National 20-tape proof machines.

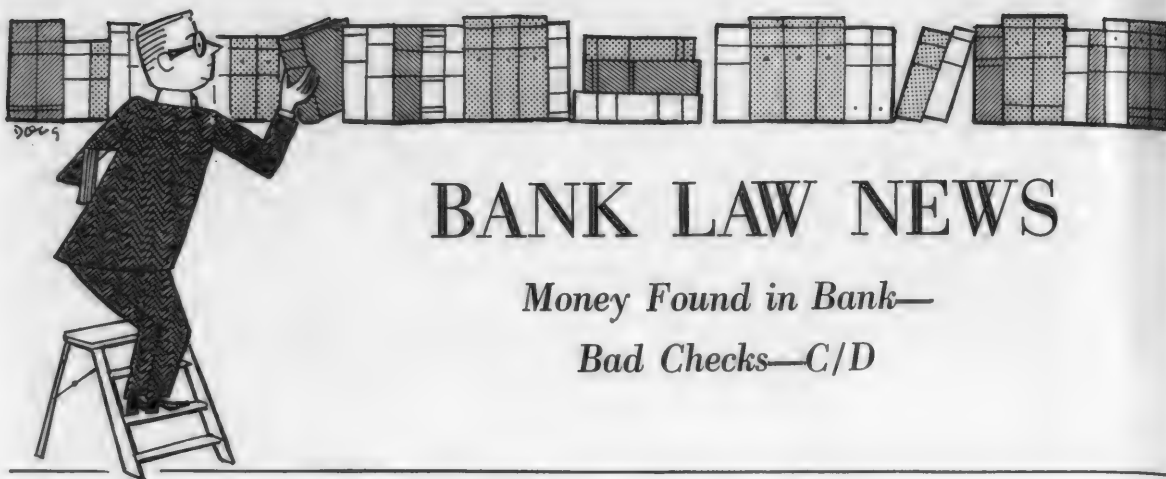
"From reductions in operating costs alone, these National machines repay their cost every three years, and we feel that an annual return of 35% on an equipment investment is worth every banker's consideration!"

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Lower operating costs and higher efficiency make a modern National System a very profitable investment. For complete details on the National System custom-fitted to your accounting needs, consult your nearby National representative. He's listed in the yellow pages of your phone book.

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989 OFFICES IN 94 COUNTRIES





BANK LAW NEWS

Money Found in Bank—

Bad Checks—C/D

MONEY FOUND IN BANK

Bank is custodian of money found by employee in safe deposit vault area.

FINDERS keepers, losers weepers is not necessarily so, said the Minnesota Supreme Court, which held, in a case of first impression in that state, that a bank attendant was not entitled to money which she had found in the safe deposit vault area of the bank, and that the bank had a paramount right to the custody of the funds.

On August 2, 1948, the plaintiff, employed by the defendant bank as an attendant in the safety deposit vault, found on the floor of the vault passageway, while in the process of checking the coupon rooms, an unmarked envelope containing \$1,500 in currency, which money she dutifully turned over to the bank. The passageway led from the vault, in which the boxes were located, to the section where rooms were provided for the box renters. Entrance to this area, located in the bank's basement, was restricted to bank officers, employees, and customers who had registered and had properly gained admission.

The anonymous owner of the money having failed to make a claim for his property, the plaintiff initiated this proceeding to recover the money from the bank, on the theory that since she was the finder, she should also be the keeper, especially in view of the fact that a reasonable time had elapsed in which

to find the owner. The court awarded judgment to the bank, ruling that the area in which the money was found was "not in any sense a public place such as a bank lobby." Since the area was open only to and used by a limited number of bank customers, its safe deposit box renters, upon whom a strict check was kept, the money, which was either mislaid or lost in that area, was properly "deliverable to the defendant bank as agent or trustee for the true owner, who could upon the record be none other than one of its patrons, whether known or unknown." The bank, therefore, had a paramount right

to have the custody of the money.

The court intimated that had the money been found in a public or semi-public area of the bank, the finder would be entitled to it. It is interesting to note that whether the bank attendant in this case will ever "strike it rich" remains uncertain, because the court indicated that the bank would have "to hold the money until the true owner is found, or otherwise indefinitely." *Dennis v. Northwestern National Bank* (Minn., 1957) 81 N.W. (2d) 254. See § 4 of the chapter "Lost and Stolen Paper," Volume III, Paton's Digest, page 2680, and Paton's Digest Supplement.

BAD CHECK LAW

Florida bad check law held constitutional.

BOGUS check statutes have frequently come under attack on the ground that they were unconstitutional in that they permitted imprisonment for debt. In most cases, the statutes have been upheld on the theory that prosecutions for violations of the bad check laws were based on fraud and were not merely a means of enforcing collection of a debt.

The Florida bad check law, Stat. Anno. (1956 Cum. Supp.) §832.05(1)(2), enacted in 1953, was recently subjected to the same attack. The statute provides, in substance, that it shall be unlawful for any person to issue a check on any

bank knowing at the time of its issuance that there are insufficient funds on deposit with which to pay the check on its presentation.

The defendant in the case had issued a check, and it had been returned marked "no account." He was tried and convicted. On appeal, he contended that the statute was not constitutional, because it provided for imprisonment for debt without fraud and was, therefore, contrary to the Florida Constitution, Declaration of Rights, §16.

The Florida Supreme Court, in affirming the conviction, upheld the constitutionality of the act. The

(CONTINUED ON PAGE 98)

A Quartet of Stars

... each "tops" in its field!



Standard Federal Tax Reports—New law, old law—for the man who must have everything concerning federal taxes affecting business and individual taxpayers. Week in, week out, the Standard's informative issues rush to subscribers complete details on every twist and turn of pertinent federal tax law, as it breaks. Featured are authoritative *full texts* of laws, regulations, rulings, court decisions, forms, and related facts and information—all explained and tied into the over-all picture with helpful, understandable editorial comments. Subscription includes 9 "bring-you-up-to-date" Compilation Volumes and current bound volumes of U. S. Tax Cases.

Federal Tax Guide Reports—Edited and produced particularly for Tax Men who must stay abreast of unfolding developments concerning the federal income taxes of the average taxpayer, the ordinary corporation or individual. Swift weekly issues provide quick access to essential facts and information—changes in statutes, amendments, regulations, decisions, official rulings, and the like. Subscription includes two loose leaf Compilation Volumes with pertinent law texts, income tax regulations, rulings, decisions, explanations, examples, charts, tables, check lists.

State Tax Reports—Tax Men everywhere welcome the special assistance of CCH's State Tax Reports. Forty-eight states and the District of Columbia are each individually covered in separate reporting units. Swift, accurate, convenient, the informative regular "Reports" for each unit keep pertinent state tax facts and information constantly up-to-the-minute. Coverage includes new laws, amendments, regulations, rulings, court and administrative decisions, return and report forms—in short, everything important and helpful in the sound and effective handling of corporate or individual state taxes and taxation. One or more loose leaf Reporter Volumes for each unit included under subscription at no added cost.

Payroll Tax Guide—For dependable, continuing help in handling the payroll problems involved under federal income tax withholding, federal social security taxes on employers and employees, federal wage and hour regulatory provisions, state and local income tax withholding, and unemployment insurance contributions. Spans the whole workaday world of pertinent statutes, rulings, regulations, decisions, returns, forms, reports and instructions. No law texts, no regulations—instead plain-spoken explanations of "payroll law" make everything instantly clear. Compact Compilation Volume included.

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Atomic Energy

Washington's billion-dollar Hanford Works, with headquarters at Richland, is one of the world's major producers of plutonium, basic ingredient for the release of atomic energy and possible fuel for atomic power reactors of the future. This project, with an annual payroll of more than \$56,000,000, employs 9,000 people in this Busy Corner of America.

Washington's Statewide Bank

STATEMENT OF CONDITION
AT CLOSE OF BUSINESS JUNE 30, 1957

RESOURCES

Cash and Due from Banks . . .	\$169,494,844.90	
U. S. Government Securities . .	165,980,221.64	
Obligations of Federal Agencies	11,721,269.38	
State and Municipal Securities .	64,627,400.72	
Other Bonds and Securities . . .	1,150,004.00	\$412,973,740.64
Loans and Discounts		430,677,688.86
Federal Reserve Bank Stock . .		1,500,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc. . . .		11,217,794.84
Interest Earned Not Received . .		3,412,840.53
Customers' Liability under Letters of Credit and Acceptances . . .		5,018,136.32
TOTAL		\$864,800,201.19

LIABILITIES

Capital Stock	\$ 20,000,000.00	
Surplus	30,000,000.00	
Undivided Profits	16,644,044.14	\$ 66,644,044.14
Reserve for Interest, Taxes, etc. .		5,452,136.79
Discount Collected Not Earned .		5,349,818.20
Letters of Credit and Acceptances .		5,018,136.32
Deposits		782,396,065.74
TOTAL		\$864,800,201.19

80 STATEWIDE
OFFICES



Member Federal Deposit Insurance Corporation

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	W. G. REED	



(CONTINUED FROM PAGE 96)

court stated that the legislature's purpose in enacting the statute was not for the collection of debts, but to "penalize the evil of putting into circulation certain kinds of worthless commercial paper and thus causing mischief to banks and to trade and commerce."

It should be noted that the court had not previously passed on the constitutionality of the statute. *Ennis v. State* (Fla., 1957) 95 So. (2d) 20. See Opinion 22:1 of the chapter Checks, Volume I of Paton's Digest, page 1124.

CERTIFICATE OF DEPOSIT

Statute of limitations begins to run against a time certificate of deposit when it becomes due and payable.

To slumber too long on one's legal rights very often proves costly. A recent Nebraska case offers an illustration of the folly of not prosecuting one's claims quickly and diligently.

A certificate of deposit for \$700 was issued by the defendant bank to a depositor on December 5, 1919, payable to the depositor's order "on the return of this certificate properly endorsed. Six or 12 months after date with interest at the rate of 4% per annum for the time specified only."

The depositor died on May 19, 1923, and his wife died on May 13, 1954. Neither the depositor nor his wife had made demand for payment of the certificate. The plaintiff, who was the administrator of the estate of the depositor's wife, made the first demand for payment of the certificate on December 24, 1954. The bank refused payment.

Plaintiff brought this action to recover the amount of the certificate. The bank's defense was that the claim on the certificate was barred by the statute of limitations.

A majority of the court agreed with the bank's contention, ruling that a certificate in such form was a time certificate; that it was "eventually due and payable on December 5, 1920, 12 months from its issuance on December 5, 1919;" and that the statute of limitations began to run against liability on the certificate as of the due date, without the necessity of a demand for payment. The court concluded, there-

BANKING

fore, that the statute had "long since barred plaintiff's right of recovery."

Two voices were raised in dissent. The opinion of the minority was that the meaning of the language of the certificate was far from clear, and that whatever doubt existed as to its meaning should be resolved in favor of the plaintiff. The dissenting justices concluded that the instrument was a demand certificate, and that the plaintiff's cause of action did not arise until December 24, 1954, when demand for payment was first made on the bank. *Powell v. Farmers State Bank* (Neb., 1957) 82 N.W. (2d) 260. See Opinion 6B:1, of the chapter "Legal Proceedings," Volume II of Paton's Digest, page 2432, and the Supplement.

BRIEF NOTES ON OTHER CASES

Garnishment. The Appellate Court of Illinois has ruled that, although a judgment creditor may garnish an account in two names when the judgment debtor is one of the codepositors, the other codepositor has a right to prove what part, if any, of the money in the account belongs to him and is, therefore, not subject to garnishment. *Leaf v. McGowan* (Ill. App., 1957) 141 N.E. (2d) 67.

Deposit in two names. In Nebraska, a deposit in the names of two persons becomes the sole and absolute property of the survivor on the death of one codepositor. The court stated that although the Nebraska Deposits in Two Names Act, Rev. Stat. (1954) §8-167, was intended for the protection of the bank, it also "establishes the property rights of the persons described therein unless the contrary appears from the terms of the deposit." *Slocum v. Bohuslov* (Neb., 1957) 82 N.W. (2d) 39.

Promissory notes. A failure to set forth the amount due on a note in the body of the instrument will not bar recovery where the figures in the margin of the note indicated the amount due. *DeBose v. Los Angeles Teachers Credit Union* (App. D.C., 1957) 129 Atl. (2d) 700.



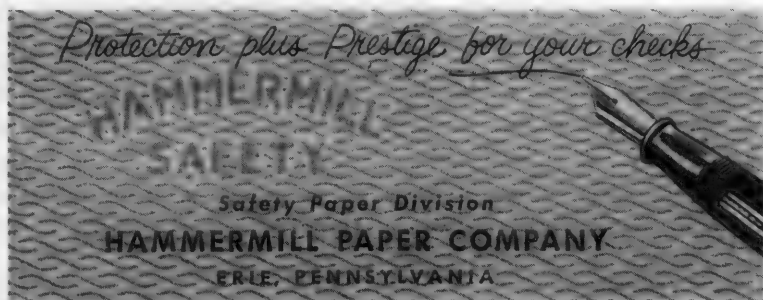
How to keep your bank in the picture

A camera preserves happy memories. And the check that pays for it can remind customers of your good banking service, when the check is on Hammermill Safety.

With checks on Hammermill Safety, the best known name in paper is there to remind customers that you pay careful attention to even this detail of banking service. Hammermill Safety also protects your funds because its specially sensitized surface immediately shows the slightest attempt at alteration.

Now Hammermill Safety contains Neutracer®—the exclusive pulp Hammermill makes from northern hardwoods. Blended with other fine papermaking fibers, Neutracer gives Hammermill Safety a smoother, more uniform surface for clearer printing and smoother writing. And today's Hammermill Safety is even stronger to withstand repeated handling.

Next time you order checks, have them printed on Hammermill Safety. Ask your bank stationer or check printer to show you samples. It costs no more than other safety papers.



BANKING NEWS

Study of "Investments" To Be Included in Other Majors at G.S.B. Next Year

No Investment-Major Grads After Next Year's Session

The recent summer session of The Graduate School of Banking was the last to offer a major in investments. Beginning with the 1958 session, the G.S.B. will confine itself to its three other majors—commercial banking, trusts, and savings management and real estate financing—but with more material on investments included in these courses than has been the practice in the past.

The desire for more study in investments by bankers enrolled in the other three majors was one of the factors that led to discontinuance of the investments major as a separate entity, according to G.S.B. officials. The School's curriculum has been undergoing considerable revision for several years, and among the results has been the introduction of a system of electives and the incorporation of material, heretofore covered in the investments major, into the required course in Economics of Banking and Business. These changes paved the way to cancellation of the investments major.

Well-rounded Investments Study Needed by All Students

"We feel that, in our position as a graduate school, investments should not be treated as a subject for specialists only," it was explained. "Every man graduating from G.S.B., regardless of major, should have a well-rounded knowledge of investments."

No new students were admitted to the investments major in the last two years; however, there are 21 members of the class of 1958 who have been majoring in investments.

These men have been allowed to choose which of the other majors they wish to study at their final summer session next year. Thirteen of them have chosen commercial banking, seven have chosen trusts, and one will be in savings management.



Thirty-eight members of The Graduate School of Banking Class of 1937—the first to graduate—held a reunion during the 23rd term of the School at Rutgers—The State University in New Brunswick, N. J. Some of the members of the first class are shown above with representatives of the original faculty and administration. Among those in the front row, are William Powers, A.B.A. senior deputy manager, registrar, G.S.B., and member Class of 1937; Merle E. Selecman, A.B.A. executive manager; James M. (Jim) Brines, song and sports leader since 1935; David C. Barry, formerly of Lincoln-Rochester Trust Company, Rochester, N. Y.,—class president; Dr. Willard E. Atkins, formerly head, Department of Economics, New York University—member of G.S.B. faculty 1935-1952; Gilbert T. Stephenson, former director of Trust Research, G.S.B.—member of G.S.B. faculty 1935-1951; Walter B. French, senior deputy manager, A.B.A.—member of G.S.B. faculty since 1940 and class day speaker; Dr. Eugene E. Agger, formerly dean, Department of Economics, Rutgers University, and former associate director, G.S.B.; and John W. Remington, president of Lincoln-Rochester Trust Company—Ayers Leadership Award Winner in 1955

The new student lounge and snack bar, named The Ledge, on the campus of the Men's Colleges at Rutgers was used by G.S.B. students for the first time during the 1957 resident session



The Graduate School is considering institution of several special investments discussion groups for the 21 students during the 1958 session. The former investments majors have been notified that, regardless of the

major they have chosen for next summer, their winter extension work for the coming year will be on investments, and their diplomas next June will carry the designation of investments major.

Bankers See Favorable Business Picture in 2nd Half, Reports A.B.A. Study

Those Polled in Survey See Small Business Prospects as Good

Bankers across the country are unusually optimistic about the prospects for general business conditions during the second half of 1957, according to the semi-annual survey of business and credit conditions just completed by the Credit Policy Commission of the American Bankers Association. Bankers polled in the survey commented particularly on the health of American small business and noted that banks generally are taking care of all legitimate credit needs of small businessmen. They predicted little change in the demand for small business loans under \$50,000 during the next six months.

Moore Announces Survey Data

Results of the survey were made public last month by George S. Moore, chairman of the Commission, and executive vice-president, The First National City Bank of New York. Mr. Moore pointed out that "the extraordinary thing about the current picture is the almost total absence of exceptions to the hopeful consensus. To be sure, there are references to inflationary pressure, a profit squeeze, and resulting keen competition; but these seem under-emphasized in view of their importance. Even automobiles, housing, and agriculture seem to give less concern than at any time in the past year or so."

The survey polls bankers in all parts of the country on the general outlook, the inventory situation, credit demands in specific fields, construction, interest rates, and other elements in the condition of business. These reports are then summarized for each Federal Reserve District.

In the current report, a few industries, notably tobacco and textiles, are singled out for mention as facing special problems; but the Commission notes that industry is becoming so diversified everywhere that the good and bad tend to balance out to a broadly favorable prospect. Most bankers expect a period of stable, high activity, with

Services to Members Are Sketched in New Brochure, "Your Bank and the American Bankers Association"

The A.B.A.'s many services to its members are sketched in a new brochure, "Your Bank and the American Bankers Association," recently distributed.

The booklet describes briefly the work done by the Association's numerous divisions, departments, councils, commissions, and committees.

"A.B.A. is a nationwide clearing house that collects and distributes to its members the past and present experience of American banking with a view to improving future experiences," says the text. "It provides the raw material from which are fashioned the studies, reports, recommendations, suggestions, opinions, and the friendly 'now-it's-this-way-in-our-bank' help that benefits all. It is the composite voice of the banks on issues that affect them nationally."

But that is only half the story, continues the brochure.

"The other half is the members' vital, though often undramatic, unpublicized work for the A.B.A.—and for *your bank*. Perhaps you've never

employment, income, and demand for credit remaining much as they are. There was no evidence that a boom is expected on top of the present prosperity.

In the field of credit, the survey shows that the demand for credit is expected to remain high and constant, with some chance of a moderate rise in certain sections due largely to seasonal factors. Mortgage loans are the exception. They are generally expected to decline slightly.

Loans to sales finance companies, consumer credit, and real estate loans are expected to be steady with little change either way. Term loans are also expected to change little, although there is some diversity of opinion among individual bankers. The demand for this type of credit continues strong because of the expansionary trend of industry in general.

A similar diversity of opinion appears regarding loans in the appliance and automobile fields. As between those expecting a slight rise and those predicting a decline there is no geographical pattern, however.

The bankers expect upward pres-

thought of it that way, but the Association's contributions to your bank's growth are made possible not only by the supporting dues but by the contribution of time and talent by the member banks' staffs.

"It's the people in the banks who answer the A.B.A. questionnaires that provide the stockpiled data which build the Association's time-saving, money-saving research in bank operations. Banks, too, are often the laboratories for trying out new ideas. Perhaps your bank has acted in this capacity by expressing an opinion of this or that study before it was finally approved for publication.

"Even more important, there are the 900 bank people—officers of the Association, and the working members of its many units—who make the sturdy keystone of A.B.A."

The brochure points out that a reading of its pages "may suggest new opportunities, new approaches to the persistent challenge of providing better banking for a public that is inclined to 'shop around.'"

Lawrence Stafford, Washington Writer for BANKING, Dies

Was Buried With Full Military Honors in Arlington Cemetery

Lawrence Stafford, for the past 10 years a Washington correspondent for BANKING, died on June 30. He was 52 years old.

Mr. Stafford was a native of St. Paul, Minn., and a graduate of the University of Minnesota. He had done graduate study at Yale and George Washington universities. After working on newspapers in Hartford and Bridgeport, Conn., he came to Washington in 1929 on the

(CONTINUED ON PAGE 103)

sure on interest rates to continue, logically as a result of the high demand for credit of all kinds. Most bankers anticipate some rise in rates, particularly on real estate and commercial loans. Rates on other loans, including consumer and agricultural, are not expected to change.

Program for A.B.A.'s 83rd Annual Convention Is Announced; Business and Financial Leaders to Speak

Topflight executives from the nation's business and financial communities and important representatives of the Government will be among the speakers at the 83rd Annual Convention of the American Bankers Association in Atlantic City, N. J., September 22 through 25. The advance program for the convention was announced last month by Erle Cocke, president of the Association, and vice-chairman of the board and chairman of the executive committee, The Fulton National Bank, Atlanta. The 4-day meeting will be attended by thousands of bankers from all parts of the United States.

The major speakers at the convention's two general business sessions will include Roger M. Blough, chairman, board of directors, United States Steel Corporation, New York City; and Frank Pace, Jr., president, General Dynamics Corporation, New York City, and a former Secretary of the Army.

Principal Speakers

Addressing the annual meetings of the A.B.A.'s four divisions on Monday, September 23, will be the Honorable A. Willis Robertson, United States Senator from Virginia; Dr. Clarence E. Manion of Doran and Manion, South Bend, Ind., and former dean of the College of Law at the University of Notre Dame; the Honorable Ray M. Gidney, Comptroller of the Currency, Washington, D. C.; and Benjamin Strong, president, United States Trust Company of New York.

A.B.A. President Cocke will head a group of banking leaders who will participate in the program. Among them will be the presidents of the four divisions: Sam M. Fleming, president of the National Bank Division, and president, Third National Bank in Nashville, Tenn.; Daniel W. Hogan, Jr., president of the Savings and Mortgage Division, and president, City National Bank and Trust Company, Oklahoma City; A. K. Davis, president of the State Bank Division, and chairman of the board, Wachovia Bank and Trust Company, Winston-Salem, N. C.; and Thoburn Mills, president of the Trust Division, and vice-president

and trust officer, The National City Bank of Cleveland, Ohio. In addition, George F. Roberts, chairman of the Trust Committee of the New Jersey Bankers Association, will bring greetings to the annual meeting of the Trust Division. Mr. Roberts is vice-president and trust officer, Guarantee Bank and Trust Company, Atlantic City.

Dr. William I. Myers, dean, New York State College of Agriculture, Cornell University, Ithaca, N. Y., will be the speaker for the convention's annual Agricultural Breakfast on Tuesday morning, September 24.

Still unannounced are additional speakers for the second general session and for the National Bank Division meeting.

The advance program for the convention follows:

Savings and Mortgage Division

Monday, September 23
Jefferson Hotel, Auditorium—
10 A.M.

"Savings and Mortgage—The Inseparable Twins"—Address of President Daniel W. Hogan, Jr.

Address by Dr. Clarence E. Manion.

State Bank Division

Steel Pier, Casino Theater—10 A.M.
Address of President A. K. Davis.
Address by the Honorable A. Willis Robertson.

National Bank Division

Monday, September 23
Steel Pier, Casino Theater—2 P.M.
Address of President Sam M. Fleming.

Remarks by the Honorable Ray M. Gidney.

(Additional speaker to be announced.)

Trust Division

Haddon Hall, Viking Room—2 P.M.
Greetings by George F. Roberts, chairman, Trust Committee, New Jersey Bankers Association; vice-president and trust officer, Guarantee Bank and Trust Company, Atlantic City.

Address of President Thoburn Mills.

"Common Stocks—The Big Chal-

60 Companies to Display Bank Equipment, Services, Supplies at Convention

Sixty leading companies that manufacture or provide such things as equipment, supplies, and services used by banks, or building materials, furnishings, and appliances that banks finance, have reserved space and will be represented by displays and demonstrations at Convention Hall in Atlantic City, N. J., during the 83rd Annual Convention of the American Bankers Association, September 22-25, 1957, according to Robert J. Stiehl, director of educational displays for the Association's publication, *BANKING Magazine*. In addition, the exhibits and displays will also include those of a number of A.B.A. departments.

Educational displays, which were initiated in 1938, are featured at the Mid-Winter Trust Conference, Savings and Mortgage Conference, National Instalment Credit Conference, Annual Convention, and Agricultural Credit Conference each year.

lenge," by Benjamin Strong.

Agricultural Breakfast

Tuesday, September 24
Haddon Hall, Vernon Room—8 A.M.

Presiding, Harry W. Schaller, chairman, Agricultural Commission, A.B.A.; president, Citizens First National Bank, Storm Lake, Iowa.

Address by Dr. William I. Myers.

First General Session

Convention Hall, Ballroom—
9:15 A.M.

Call to order by President Cocke.
Presentation of the Colors by Color Guard, U. S. Naval Air Station, Atlantic City, N. J.

Invocation by Dr. Monroe F. Swilley Jr., Second Ponce de Leon Baptist Church, Atlanta, Ga.

Address of President Cocke.

Address by Roger M. Blough.

Second General Session

Wednesday, September 25,
Convention Hall, Ballroom, 9:15 A.M.

Call to order by President Cocke.
Invocation by the Reverend George W. Lawrence, D.D., Ventnor Community Church, Ventnor City, N. J.

Address by Frank Pace, Jr.

Resolutions Committee.

(Additional speaker to be announced.)

Program for NABW's Boston Convention Is Shaping Up, Reports Gertrud M. Sundlie

Plans are nearing completion for the 35th annual convention of the National Association of Bank Women to be held at the Sheraton Plaza Hotel, Boston, Mass., October 7-10, according to Gertrud M. Sundlie, general convention chairman and assistant branch manager with the National Shawmut Bank of Boston.

Cora I. Blanchard, assistant treasurer with the Suffolk Savings Bank, and Bernice D. Parks, assistant treasurer with the Provident Institution for Savings, co-chairmen of the program committee and past presidents of the association, have announced the guest speakers and panel topics for this meeting.

Guest speakers will include Margaret Divver, advertising manager, John Hancock Mutual Life Insurance Co.; Paul I. Wren, assistant to the Secretary of the Treasury; Professor William Stewart, director, Sales Institute and dean of the evening college of liberal arts, Northeastern University; and Dr. Charles



NABW convention planners. Left to right, Cora I. Blanchard, assistant treasurer, Suffolk Savings Bank, Boston; General Convention Chairman Gertrud Sundlie; and Bernice D. Parks, assistant treasurer, Provident Institution for Savings, Boston. Miss Blanchard and Mrs. Parks are Co-chairmen of the Program Committee

F. Phillips, president of Bates College.

Panel discussions, led by members of the association, will be presented on various banking functions, such as trusts, operations, savings bank services, and investments.

Lawrence Stafford Dies

(CONTINUED FROM PAGE 101)

staff of the *United States News*. He later spent four years in the Washington Bureau of *The Wall Street Journal*, over a year in the employment of the U. S. Government, and seven years in the Washington Bureau of the *Booth Newspapers* of Michigan. He was a former officer of the National Press Club.

During World War II, Mr. Stafford served in the United States Navy press relations operation. He became chief of the Magazine and Book Section of the Navy's Office of Public Information and held the rank of Lieutenant Commander.

He became Washington correspondent of *BANKING* in 1947.

Mr. Stafford was buried with a full military funeral in Arlington National Cemetery on July 3.

He is survived by his wife, Mary Trese Stafford; his mother, Edith, of Lake Worth, Fla.; a brother, Arthur, of Mora, Minn.; and a sister, Mrs. Edwin Wegerman, of Cedar Rapids, Iowa.

Instalment Credit

Seek Some "Good" Laws

OVERWHELMING support for the enactment of laws in all states to regulate instalment financing practices was registered by leading executives of the consumer credit industry at the recent fifth annual Consumer Credit Management Program of the Graduate School of Business of Columbia University, at Arden House, Harriman, N. Y.

By almost a 5-to-1 margin, representatives of sales and consumer financing companies, bank, and manufacturing organizations endorsed statutes, such as those recently adopted in New York State, putting maximum limits on retail finance charges and outlawing such practices as obtaining customer signatures to blank contracts or failing to disclose to the customer in advance all detail of a transaction. Passage of regulatory laws to gov-

ern small-loan lending in states without such laws also was called for.

One conferee summarized the responses of the group this way: "Consumer instalment credit plays a vital role in our economy. There is a specific need for good legislation to control rates for the purchase of customer obligations and to protect the public in other ways. All responsible financing organizations should support such a program."

45% Enrolment Increase

THE School of Consumer Banking has increased its enrolment for its sixth resident session at the University of Virginia, Charlottesville. New classes were previously limited to 60 students; 100 will be admitted this year. With 60 students returning for their second session, and 48 expected to qualify for diplomas, the total enrolment is expected to

reach 200, a 45% increase over last year. The school is August 4-16.

Thirty-two states, the District of Columbia, Puerto Rico, and Pakistan will be represented in the student body. The new enrollees include one president, seven vice-presidents, 11 assistant vice-presidents, four cashiers, with the remainder of the class being made up of various junior officers and department heads. Students average 35 years in age and 11 years of banking experience.

The school is sponsored by the Consumer Bankers Association, Washington, D. C.

NABAC Has New Manual

THE National Association of Bank Auditors and Comptrollers has published a new manual, "Consumer Credit Department Operations." Its aim is to "provide yardsticks against which banks already active in the

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field can evaluate their operations and to assist other banks in setting up a consumer lending operation."

The manual outlines the principal considerations necessary in the operation of a consumer credit department. It describes various systems and procedures to familiarize bankers with the techniques of acquiring, processing, and servicing consumer loans.

Among the topics covered in the book's 12 chapters are: acquisition of loans, dealer financing (retail and wholesale), forms, systems, integrated accounting systems, service and liquidation, accounting for income, internal control and audit, cost accounting, and management control.

The book contains 176 pages, 90 illustrations, and is available at \$6 (\$3 to NABAC members), from NABAC Headquarters, 38 South Dearborn Street, Chicago 3, Ill.

A Look Into the Future

STANDARD Factors Corporation, in an article in the June issue of *The Industrial Banker*, reported on a survey to ascertain the long-run trends in consumer instalment debt. The survey indicated that, without governmental intervention or controls:

"(1) Instalment debt will stabilize and remain constant at about 13% of consumer disposable income in



This lobby display at First National Bank of Tulsa plugs "summer specials" — vacation loans, automobile loans, vacation club, foreign exchange, travelers checks, trip loans

1965, as compared with 11% today.

"(2) That, assuming no further price inflation, instalment debt in 1965 will be about \$265 for every man, woman, and child, compared with \$188 per capita today.

"(3) That consumer instalment debt will reach \$47.5-billion in 1965, assuming a population of 179,000,000, compared with an instalment debt today of \$31.6-billion.

"(4) That 13% of consumer disposable income will be the year-in-year-out level which instalment debt will reach, and at which it will remain constant for many years.

"(5) That, in time, the thinking of our banking and monetary authorities will have to adjust to a permanent high plateau of instalment debt and repayment, and plan our

money and banking system so that it supports this volume of constant consumer instalment purchases."

Here's a Good Quote

"IF mass demand is to be sustained and progressively expanded, the average family must be able to continue its sound use of consumer credit. Its volume must grow to keep pace. The average family needs the convenience of charge accounts for its day-to-day transactions, the use of the time-payment plan to raise its scale of living, and the safety valve of personal instalment cash lending to enable it to meet those emergencies which are unavoidable in a free economy."—Dr. Ernst A. Dauer, director of Consumer Credit Studies, Household Finance Corporation.

Savings

Banks Hold Savings Lead

THE concerted effort by banks in all parts of the country to attract savings dollars is meeting with continuing success, according to Daniel W. Hogan, Jr., president of the Savings and Mortgage Division of the American Bankers Association, and president of the City National Bank & Trust Company, Oklahoma

City. During the first four months of this year, all banks have increased their savings deposits by \$2,130,000,000, compared with the advance in shares of savings and loan associations aggregating \$1,318,000,000, and the decline reported by postal savings from total deposits of \$1,600,000,000 to \$1,500,000,000.

Mr. Hogan attributed the increase in savings in banks to more com-

petitive interest rates being paid to savings depositors and to the active promotion of savings by the banks participating in the national campaign under A.B.A. auspices, "The Bank Is the Saver's Best Friend." He said that banks in approximately 3,000 American communities are now aggressively advertising the advantages of savings in banks through their newspapers, TV, radio,

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Features Long Hours in Ads

JUST about everyone in Chicago has heard about the 8:30 bank, thanks to an aggressive radio advertising campaign embarked on by the Mid-America National Bank, located in Chicago's Prudential Building, a new bank.

The bank, which opened its doors for business on September 6, 1956, bears down hard on the Mid-America's unusual banking hours—from 8:30 A.M. until 4 P.M.—in an advertising campaign using only two media—local radio and car cards and posters.

Mainstay of the radio campaign is sponsorship of a 5-minute newscast each weekday morning at 7:25, plus spot campaigns on two other stations.

Edward Damstra, president of Mid-America, credits radio—and the catchy "8:30 bank" slogan—with much of the rapid growth and success of the bank.

Antique Banks Exhibited

CITY NATIONAL BANK AND TRUST COMPANY, Chicago, displayed and demonstrated the first in a group of antique American me-



JOHN BATT

Officers of the A.B.A. Savings and Mortgage Division and members of the Division's Personal Money Management Committee at work in New York City on a complete revision of *Personal Money Management*. The revised booklet will be released late this fall or early winter. Clockwise around the table, Mrs. Daniel W. Hogan, Jr., Oklahoma City, editor of the School Instructors' Manual; C. Arthur Hemminger, vice-president and public relations director, First National Bank in St. Louis; Daniel W. Hogan, Jr., president, S&M Division and president, City National Bank & Trust Company, Oklahoma City; Thomas L. Nims, Secretary, S&M Division, New York; Marion Hill, research assistant, S&M Division; George E. Devine, vice-president, Providence Institution for Savings, Providence, R.I., chairman; Mabel F. Thompson, retired (formerly assistant secretary, Union Dime Savings Bank, New York); J. R. Dunkerley, A.B.A. senior deputy manager in charge S&M Division; Virginia O. Valentine, advertising manager, State Planters Bank of Commerce and Trusts, Richmond, Va.; Edith E. Taittonen, budget consultant, Society for Savings, Cleveland, Ohio; and John Adikes, president, Jamaica (N.Y.) Savings Bank, and vice-president, S&M Division

and other media, and are making a concerted effort to awaken communitywide awareness that "The Bank Is the Saver's Best Friend."

Bank's Identi-Plate Plan

PENS have been in semi-retirement at the Onondaga County Savings Bank, Syracuse, N. Y., since the bank adopted a new program whereby customers can print their deposit tickets with special plates, similar to charge plates used in many department stores.

When he requests it, a customer is given a special plastic plate embossed with his name, address and savings account number. When he goes to the bank to make a deposit, he slips his plate and deposit slip into the press. One pull of the handle and the slip is automatically printed. The amount of the deposit is then inserted by pen.

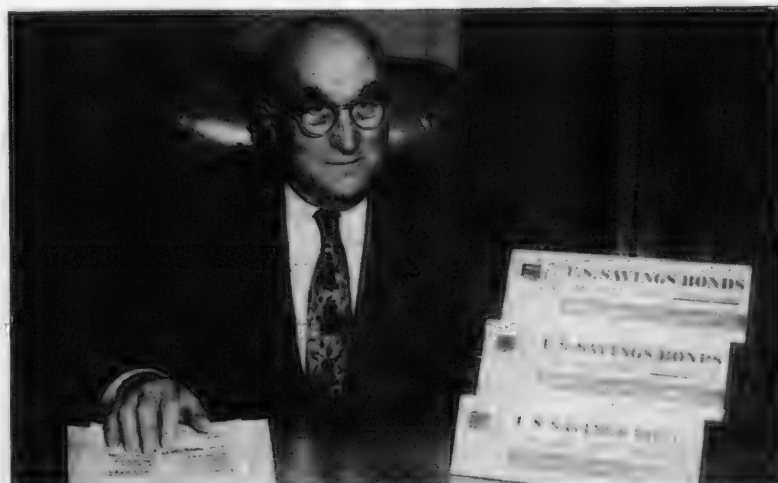
This plan is known as the Identi-Plate program and is said to be the first of its kind in the East. Errors from illegible writing are largely eliminated. Picture next page.

Mutuals Go to 3¼% Rate

SINCE the large New York City commercial banks have increased

their interest rate on savings to 3%, the mutual savings banks in the Greater New York area have increased their rate to 3¼%, with interest compounded quarterly. Some of the mutuals advertise a 3% regular rate, with a ¼% extra if business continues at the same level.

Bruce Baird, chairman, A.B.A. Savings Bond Committee, and president, National Savings and Trust Company, Washington, D.C. previews three attractive red, white, and blue emblems promoting the sale of Savings Bonds just released by the U. S. Treasury Department. Mr. Baird invites all other bankers to join him in displaying this new sign as a reminder to customers to buy Savings Bonds at their local bank



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chanical bank replicas to be exhibited in its savings department.

First of the replicas is called "Creedmoor"—the original of which was being made in 1877 and was named in honor of the then National Guard Rifle Range on Long Island, N. Y.

Originals of the banks, now decorators' and collectors' items, are from the Book of Knowledge's extensive collection, many of the individual pieces valued at thousands of dollars. All of the replicas are being faithfully produced in an iron foundry where, it is said, some of the original coin banks were made.



Amy Paolini of the Onondaga County Savings Bank, Syracuse, N. Y., is shown making Identi-Plates for customers in a special lobby booth. An enlarged replica of the plate appears at the front of the booth. Story on page 105

Housing and Mortgages

New Housing Starts Trend

NONFARM housing starts rose more than seasonally to 102,000 units in May 1957, with gains in both public and private housing, according to the U. S. Department of Labor's Bureau of Labor Statistics. Seasonally adjusted, the 96,000 units of private housing begun in May represented an annual rate of 990,000 units. This was the highest rate this year—5% above the April rate of 940,000 and 12% above the 8-year low reached in March.

Starts in public housing projects

were up in May to 6,000 units, with units begun under the armed services program (Capehart Act) accounting for about two-thirds of these.

New permanent nonfarm dwelling units started in June, including 5,000 public units, totaled 97,000. The June seasonally adjusted annual rate of private starts is given as 970,000.

Mortgage Banking School

THE Mortgage Bankers Association of America is again sponsoring the School of Mortgage Banking at

Stanford University, with Course I, from June 28 to August 3, devoted to the financing of dwellings and Course II on the financing of income properties from August 4 to 10.

The two courses cover all phases of mortgage loan origination, investment, and loan servicing. The courses are supplemented by year-round home study courses which lead to Course III offered at Northwestern University each year and graduation from the school.

MBAA is celebrating its tenth year in the educational field.

The School of Mortgage Banking Course III class on the campus of Northwestern University. The school is sponsored by the Mortgage Bankers Association and Northwestern. Courses I, II and III were offered between June 23 and July 6. Students at the three courses came from all sections of the country, Canada, and Puerto Rico. Courses I and II are being offered at Stanford University between July 28 and August 10



Nonfarm Mortgage Volume

THE volume of nonfarm mortgages of \$20,000 or less recorded in April totaled \$2,044,000,000, 10% below April 1956, according to the Federal Home Loan Bank Board.

All institutional lenders shared in the downward movement, with the greatest decline—24%—shown by commercial banks, followed by 22% for insurance companies. Savings and loan associations, reporting a reduction of only 4%, financing 39% of the overall activity, as compared with 36% in April 1956.

Nonfarm Foreclosures

CONTINUING the upward trend

which started in the latter half of 1956, estimated nonfarm real estate foreclosures for the first quarter of 1957 numbered 8,165, or 14% above the same period of last year, according to the Federal Home Loan Bank Board.

Even though the number of distress actions was greater than in any first quarter since 1942, the annual rate of activity remains very low—not more than 3% foreclosures per 1,000 nonfarm properties which are mortgaged.

Instruction in Electronics

THE Mortgage Bankers Association of America will sponsor a new type of meeting designed to acquaint

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the mortgage industry with all the newest developments in the field of electronic and tabulating equipment and the possibilities which they offer for loan servicing. **This meeting—the Electronic and Tabulating Equipment Servicing Clinic—will be at Hotel Commodore, New York, September 23 to 26.**

The clinic in New York will be aimed at demonstrating the latest electronic methods which have proved adaptable.

Trust Services

Big Turnout for PBA's Pioneer Trust School

MORE than 150 Pennsylvania bankers, including 22 women, attended the first Pennsylvania Bankers Association Trust Training School held June 23-29 at Bucknell University, Lewisburg. Banker-students came also from Kentucky, Indiana, New Jersey, and New York. The school, sponsored by the PBA Trust Division and Bucknell University, is the first organized program for trust training.

The school was organized to expedite the training of senior clerk and junior officer trust personnel. The PBA plans to conduct the school on a 3-year cycle. The 1957 session was devoted entirely to trust operations. In succeeding years, the curriculum will cover trust administration, taxes, investment, and trust development.

William E. Abel, vice-president and trust officer, Barclay-Westmoreland Trust Co., Greensburg, served as director for the 1957 school. Walter A. Brunke, trust officer, The Fulton National Bank of Lancaster, was associate director.

A total of 30 hours of classroom lectures was presented during the week, and covered trust department operations, file procedures, accounting, real estate and mortgage, and



Banker-students at the Pennsylvania Bankers Association's Trust Training School enjoy a 10-minute break between classes on the campus of Bucknell University

vault procedures. Informal seminars were held Monday, Tuesday, and Thursday evenings. Faculty members led these discussions and answered questions presented by the students. A comprehensive review of the week-long school was held on the final morning, including a discussion of the examination given to all students on Friday.

Richard P. Chapman, president of The Merchants National Bank of Boston and immediate past president of the A.B.A. Trust Division, was the featured speaker at the opening banquet on Sunday evening.

The distinguished faculty for this year's school included John A. Cost,

assistant vice-president, Fidelity-Philadelphia Trust Co.; G. E. File, manager, Insurance Department, Fidelity-Philadelphia Trust Co.; Herbert O. Frey, vice-president (retired), The First Pennsylvania Banking & Trust Co., Philadelphia; John E. Gleeson, trust officer, Western Pennsylvania National Bank, McKeesport; Richard L. Horter, trust department, Fidelity - Philadelphia Trust Co.; Dudley B. Johnston, assistant vice-president, Peoples First National Bank & Trust Co., Pittsburgh; Frank M. Lyle, assistant trust officer, The Union National Bank of Pittsburgh; Watson C. Marshall, vice-president, Fidelity Trust Co., Pittsburgh; J. Norman

Miller, vice-president, Provident Traders Bank & Trust Co., Philadelphia; James P. Nunemaker, trust officer, United States National Bank in Johnstown; Dr. Herman L. Senker, head, Department of Business Administration, University of Scranton; Gilbert T. Stephenson, attorney-at-law, Pendleton, N. C.; Ralph E. Stine, certified public accountant, Ralph E. Stine & Co., Lancaster; and Paul C. Wagner, senior vice-president, Fidelity - Philadelphia Trust Co.

Trust Film Due in Fall

FILMING has been completed on "So Little for Eve," new trust film of the Trust Division of the New York State Bankers Association. The final picture will be a 27-minute dramatization in full color and sound with a cast of eight featured characters.

The film, now in the "work print" stage, still requires considerable work. It is hoped that its first showing will be at the NYSBA Trust Division's fall meeting in October.

The story starts about two years after the death of a small town in-

dustrialist who had been too busy to find the time necessary to plan his estate properly. A large amount of Federal taxes had to be paid and his business must now be sold at a sacrifice. What happens is seen through the eyes of his widow and his three children, now 10, 18, and 21. Detailed discussion of trust technicalities has been avoided since it might confuse a general audience, although some tax-saving figures are referred to in an easily understandable way.

The NYSBA has received financial assistance for this expensive project from 45 banks and four trust divisions in other states. Unifilms, a New York City film company, is producing the film.

The Corporate Fiduciary

IN CHOOSING the executor and trustee to carry out plans of the property owner, "the trust officer can point out to the owner the advantages of the use of a corporate fiduciary to act as executor and trustee," according to Edith M. Martin, assistant vice-president, Fidelity Trust Company, Pittsburgh, Pa.

Mrs. Martin, in an address to the

Pittsburgh Chapter of Certified Life Underwriters, said further that "the trust officer can present the great advantages available to the estate through the choice of an experienced corporate fiduciary by discussing its broad experience in the field of estate administration and trusteeship, its constant availability, financial responsibility, and its staff of trained personnel, all of which are available to the properly planned estate in which the trust company is named executor and trustee. Such discussions usually result in overcoming certain fears and reluctance, which the property owner may originally have had in dealing with a corporate fiduciary and tend to establish a marked degree of confidence in the manner in which the trust company will handle the affairs of the estate."

Two Trust Courses

KENNEDY SINCLAIRE, Inc., has announced dates for two trust courses to be held this fall:

Sept. 16-27—35th Estate Planning & Sales Training Course.

Oct. 21-24—10th Trust Sales & Estate Planning Seminar.

CALENDAR

1957 AUGUST 1957	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1958 JANUARY 1958
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American Bankers Association

- Sept. 22-25 83rd Annual Convention, Atlantic City
- Oct. 10-11 Western Regional Trust Conference, Multnomah Hotel, Portland, Oreg.
- Nov. 21-22 Mid-Continent Trust Conference, Jung Hotel, New Orleans
- Nov. 21-23 National Agricultural Credit Conference, Morrison Hotel, Chicago

State Associations

- Aug. 18-23 Pennsylvania Bankers Summer School, Bucknell University, Lewisburg.
- Sept. 5-7 Savings Banks of Maine, Balsams Hotel, Dixville Notch, N. H.
- Sept. 8-14 Tennessee Bankers 14th Annual Study Conference, University of Tennessee, Knoxville.

- Sept. 9-12 Vermont-New Hampshire School of Banking, Amos Tuck School, Hanover, N. H.
- Sept. 12-14 Savings Banks of Massachusetts, Poland Spring House, Poland Spring, Maine
- Sept. 20-21 Savings Banks of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill
- Oct. 6-10 West Virginia School of Banking, Jackson's Mill
- Oct. 10-12 Nebraska, Paxton Hotel, Omaha
- Oct. 13-15 Kentucky, Brown Hotel, Louisville
- Oct. 14-15 Savings Banks of Connecticut, Mountain View House, Whitefield, N. H.
- Oct. 18-19 New Hampshire (Fall Meeting), Mountain View House, Whitefield, N. H.
- Oct. 20-23 Iowa, Fort Des Moines Hotel, Des Moines
- Nov. 13-15 Savings Banks of New York, Fontainebleau Hotel, Miami Beach

Nov. 15-17 Arizona, Arizona Biltmore, Phoenix

1958

Apr. 8-10 Georgia, Atlanta Biltmore, Atlanta

Apr. 10-12 Florida, Vinoy Park Hotel, St. Petersburg

Apr. 20-22 Louisiana, Jung Hotel, New Orleans

May 6-7 Tennessee, Peabody Hotel, Memphis

May 6-8 Ohio, Commodore-Perry Hotel, Toledo

May 8-9 Oklahoma, Skirvin Hotel, Oklahoma City

May 9-10 North Dakota, Patterson Hotel, Bismarck

May 11-13 Texas, Rice Hotel, Houston

May 15-16 Illinois, Palmer House, Chicago

May 15-16 Kansas, Kansas City

May 15-16 Massachusetts, New Ocean House, Swampscott

May 16-20 Maryland, Claridge Hotel, Atlantic City

May 17-19 California, Fairmont Hotel, San Francisco

May 19-21 Mississippi, Buena Vista Hotel, Biloxi

May 20-21 Arkansas, Arlington Hotel, Hot Springs

May 21-23 New Jersey, Chalfonte-Haddon Hall, Atlantic City

May 23-24 New Mexico, Hilton Hotel, Albuquerque

May 25-28 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City

June 4-5 Indiana, French Lick-Sheraton, French Lick

June 4-8 Dist of Col., The Homestead, Hot Springs, Va.

June 5-8 South Carolina, Ocean Forest, Myrtle Beach

June 6-7 Connecticut, Equinox House, Manchester, Vt.

June 8-11 Idaho, The Lodge, Sun Valley

June 11-13 New York, Lake Placid Club, Lake Placid

June 13-14 Vermont, Equinox House, Manchester

June 15-17 Washington, Empress Hotel, Victoria, B. C.

June 19-20 Savings Banks of New Jersey, Monmouth Hotel, Spring Lake

June 19-21 Michigan, Grand Hotel, Mackinac Island

June 19-21 Montana, Many Glacier Hotel, Glacier National Park

June 20-21 *New Hampshire, Wentworth-By-The-Sea, Portsmouth

June 20-21 *Savings Banks of New Hampshire, Wentworth-By-The-Sea, Portsmouth

June 23-25 Wisconsin, Schroeder Hotel, Milwaukee

Oct. 1-3 Savings Banks of New York, Lake Placid Club, Lake Placid

Oct. 17-18 New Hampshire, Mountain View House, Whitefield

Oct. 19-22 Iowa, Fort Des Moines Hotel, Des Moines

* Joint Meeting

Other Organizations

July 28-Aug. 3 School of Mortgage Banking: Course 1, Stanford University, Stanford, Calif.

July 28-Aug. 10 NABAC School for Bank Auditors and Comptrollers, University of Wisconsin, Madison, Wis.

Aug. 4-10 School of Mortgage Banking: Course 2, Stanford University, Stanford, Calif.

Aug. 4-16 School of Consumer Banking, University of Virginia, Charlottesville

Aug. 25-Sept. 26 Pacific Coast Banking School, University of Washington, Seattle

Aug. 26-Sept. 7 Central States School of Banking, University of Wisconsin, Madison

Sept. 29-Oct. 3 Financial Public Relations Association, Edgewater Beach Hotel, Chicago, Ill.

Oct. 6-9 Robert Morris Associates, Shoreham Hotel, Washington, D. C.

Oct. 7-10 National Association of Bank Auditors and Comptrollers, 38rd Annual Convention, Atlanta-Biltmore Hotel, Atlanta, Ga.

Oct. 7-10 National Assn. of Bank Women, Annual Convention, Sheraton Plaza Hotel, Boston, Mass.

Oct. 23-26 Consumer Bankers Association, 37th Annual Convention, The Claridge, Atlantic City

Nov. 4-7 Mortgage Bankers Association of America, 44th Annual Convention, The Statler-Hilton, Dallas, Texas

Nov. 18-20 National Foreign Trade Council, Inc., Waldorf-Astoria, New York City

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

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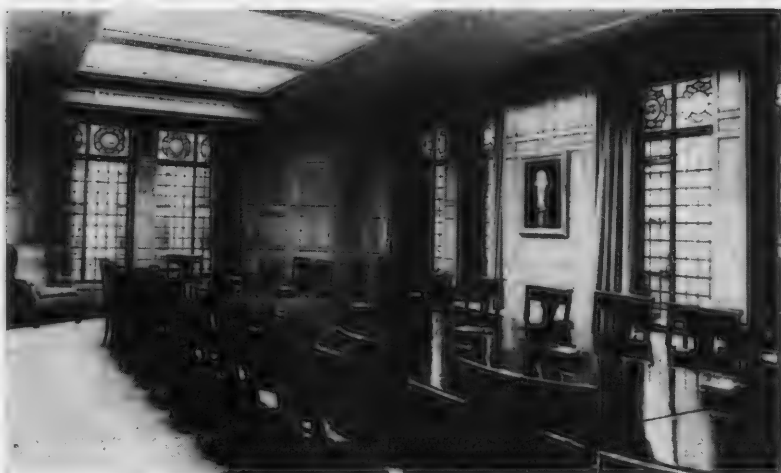
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LEFT—New directors' room of The First National City Bank of New York. Included in the window designs are seals of central banks of several foreign nations. Lighting is indirect

BELOW—The marble and brick structure of The Firestone Bank, Akron, Ohio. (Designed by Bank Building and Equipment Corp.)

For the Building Scrapbook



BELOW—*Left*, recently completed branch of Girard Trust Corn Exchange Bank in Philadelphia's new Penn Center development. *Right* modern interior of The First National Bank, Colorado Springs. (Building and desks designed by Carlyle Guy)



RIGHT—Twenty-third branch office of Bishop National Bank of Hawaii, at Waipahu, is constructed of concrete and lava rock



BELOW—*Left*, redecorated lobby of the Merchandise National Bank of Chicago. *Right*, transportation mural in the foreign department of The First National Bank in St. Louis



BELOW—*Left*, semi-circular lobby, Decatur office, Fulton National Bank, Atlanta. *Right*, absence of all private offices, including that of the president, characterizes the building of the Madison Bank & Trust Company, Chicago





PRECIOUS POSSESSION

It's like money in the bank, the way this Burroughs Sensimatic puts wings to Commercial Account posting . . . turns beginners into experts in no time at all.

As you can plainly see, a Burroughs Sensimatic gives a girl something pretty wonderful to treasure—whether she's fresh out of school or knows bank accounting inside out.

For in no time at all she'll be racing to new speed records in her commercial account posting. Yet she'll end each day feeling almost as fresh as she started—and just as relaxed.

That's where a Sensimatic shines. It's simple to learn, downright easy to use—no brain-racking decisions to make, no batteries of gadgets to master. It automatically takes on the lion's share of the thinking and work for the operator. Provides loads of automatic operations like automatic check

count, automatic balances, automatic register totaling, automatic overdraft lock and automatic carriage movement.

Too, a Sensimatic fairly bristles with such special features as list-posting tape, date lock and activity counter—all in a good-looking, fast-moving, easy-going machine that turns out statements neat as they come and complete right down to the check count.

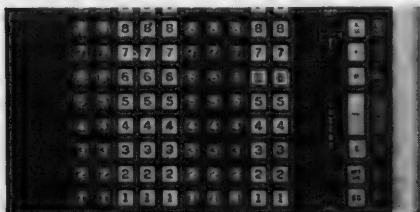
Why not give our nearby branch a ring and ask for the free booklet on *Commercial Account Posting*. And while you're on the phone, may as well set up a date for a complete Sensimatic demonstration. No obligation, of course. Burroughs Corporation, Detroit 32, Michigan.



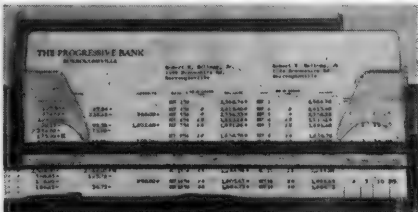
FASTER FORM HANDLING—With one hand you simply whisk the form from tray to carriage and slip it into the self-aligning form guides. Just as quick as that you're all set for the next posting operation.



FASTER INDEXING—On this comfortably sloped keyboard, you can index faster and more positively—all while carriage tabulates. Operators love the way keys depress with just a quick, gentle touch.



FASTER MOTOR BAR SELECTION—Sensimatic's exclusive design assigns a single major function to each motor bar. This eliminates many operator decisions and motions—simplifies and greatly speeds posting.



FASTER, AUTOMATIC CARRIAGE MOVEMENTS—Carriage opens automatically. Closes at the touch of a motor bar. Tabulates forward and return. Completes posting automatically while operator finds next account.



Burroughs Sensimatic Bank Bookkeeping Machine

"Burroughs" and "Sensimatic" are trademarks

SEE AT A GLANCE

WHAT IT WOULD COST TO REPLACE ANY HOME* TODAY!

This authoritative Estimating Chart* shows how replacement costs have gone up in the past 20 years—on any house that originally cost from \$8,000 to \$50,000. It reveals, for example, that a \$10,000 house built in 1946 would cost \$15,200 to replace today . . . that a \$20,000 house built in 1940 would cost \$52,000 to rebuild today.

While this Estimating Chart was designed to help our agents show homeowners the importance of insuring to full value—we feel that its pocket-size convenience might have some value to you.

Like a copy? There's no charge or obligation. Just use this handy coupon.

*Based on figures supplied by F. W. Dodge Corporation, nationally known source of construction information, for homes built since 1937 originally costing between \$8,000 and \$50,000.

THE HOME

ORGANIZED 1853



Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.
FIRE • AUTOMOBILE • MARINE
The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

FREE!

The Home Insurance Company, Dept. CH
59 Maiden Lane, New York 8, N. Y.

Please send me a copy of your handy Estimating Chart.

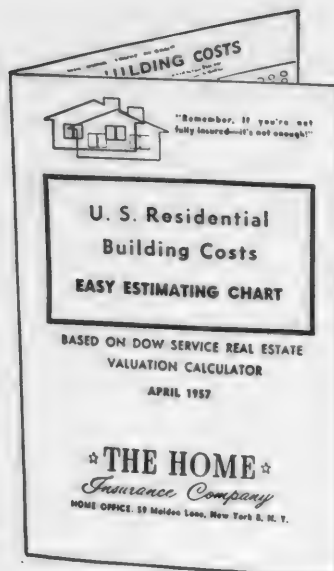
NAME _____

ADDRESS _____

City _____

Zone _____

State _____



How the C&S Attracts and Holds a Capable Staff

A FEW months ago, the Citizens & Southern National Bank, Atlanta, Georgia's largest bank, promoted 19 officers at one time, 13 of whom were under 35 years of age, according to President Millis B. Lane. "It is imperative that banks obtain and hold talented young people," states Mr. Lane. "And I believe we now are well on the way to this goal."

Pointing out that the 18 top officers at the Citizens & Southern National average 44 years, President Lane (himself only 45) said that his bank realized the importance of a fresh attitude toward salaries for both officers and employees and followed up by giving a 10% across the board raise to everyone in the bank. This blanket increase has been supplemented by regular upgrading of salaries.

The bank's next move, in an effort to attract new employees, was to put men and women on the same plane and give them equal opportunity for training, education, and advancement.

More Than Salaries

President Lane points out that "salaries alone do not tell the story of the 'new look' in banking." Citizens & Southern offers such extras as a savings and profit-sharing fund, a pension fund, a stock purchase plan, group life insurance paid for by the bank, and jointly financed hospitalization insurance.

More than 900 of the bank's Georgia employees have accumulated a \$4,200,000 nest egg in the savings and profit-sharing fund, according to Mr. Lane. The bank owns and maintains for its employees a vacation lodge on a 44-acre recreation area at Allatoona Lake. It offers a special 5-year rotation training program for college graduates and other promising employees, which is the major source of officer material.

"College of Knowledge"

A "post graduate" school, the bank's College of Knowledge, conducted by top officers at the bank,

(CONTINUED ON PAGE 116)

BANKING



THE CHASE MANHATTAN BANK

HEAD OFFICE: 18 Pine Street, New York

Statement of Condition, June 30, 1957

ASSETS

Cash and Due from Banks	\$1,802,236,680
U. S. Government Obligations	1,032,831,773
State, Municipal and Other Securities	387,359,133
Mortgages	193,551,618
Loans	3,863,328,881
Accrued Interest Receivable	19,097,831
Customers' Acceptance Liability	153,278,126
Banking Houses	49,438,011
Other Assets	23,209,395
	<u>\$7,524,331,448</u>

LIABILITIES

Deposits	\$6,693,721,587
Foreign Funds Borrowed	5,577,878
Reserve for Taxes	37,225,389
Other Liabilities	40,855,276
Acceptances Outstanding	\$180,011,057
<i>Less: In Portfolio</i>	<u>19,755,362</u>
	160,255,695
Capital Funds:	
Capital Stock	\$162,500,000
(13,000,000 Shares—\$12.50 Par)	
Surplus	337,500,000
Undivided Profits	<u>86,695,623</u>
	<u>\$7,524,331,448</u>

Of the above assets \$510,219,329 are pledged to secure public deposits and for other purposes, and trust and certain other deposits are preferred as provided by law. Assets are shown at book values less any reserves.

Member Federal Deposit Insurance Corporation

The Citizens & Southern National Bank conducts a College of Knowledge—a 5-day “post graduate” course for supervisory employees—at its recreation area on Lake Allatoona. Vice-president E. T. Johnson, *facing camera*, gives those attending a recent session a better understanding of how each individual’s job fits into the over-all banking picture. Begun in 1953, the College of Knowledge has had an average attendance of 30



**“WHAT ’ER IS BEST
ADMINISTER’D IS BEST”**

**Alexander Pope said
it more than 200 years ago.**

**So it is today with the tested
experience and sound
administration characteristic of**

BANKERS SECURITY CREDIT LIFE INSURANCE

The fact that Bankers Security Life conceived and organized Credit Life Insurance in this country has ever served as a challenge to ourselves to provide a better administration of *your* requirements . . . to a better protection of your bank’s good-will and your customer’s security.

Whether it’s Credit Life in any or all of its forms,
or CREDIT HEALTH AND ACCIDENT,
turn to experience for performance.



BANKERS SECURITY LIFE INSURANCE SOCIETY

103 PARK AVE. NEW YORK 17, N. Y.

CONTINUED FROM PAGE 114)

offers five intensive days of training at the supervisory level.

Citizens & Southern encourages participation in the American Institute of Banking courses and rewards employees who earn certificates. A number of special schools conducted by the C&S, including a 5-week teller school, help to familiarize new personnel with certain banking operations. It also offers a refresher course on supervisory practices. B. W. Cardwell, vice-president and system personnel director, makes frequent trips to colleges in Georgia and surrounding states to recruit promising young people.

The Citizens & Southern believes that a happy, satisfied employee transmits his enthusiasm to the customer. This was illustrated, for example, when it held a Customer Appreciation Day on St. Valentine’s Day. Employees presented valentines and miniature boxes of candy to customers visiting the 26 offices of the bank in 14 Georgia communities. Special hosts greeted customers as they entered the bank’s lobbies and thanked them for their business. In addition, 140,000 valentines were mailed to checking account customers.

DEPOSIT DELAY

When all of the lines are jammed up and stalled,

One fact I have scarcely a doubt of:

The line to start moving is certain to be

The one I this minute stepped out of.

STEPHEN SCHLITZER

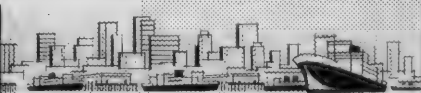
1864



93 Years ago...

On July 5, 1864, The Bank of California began as the West's first incorporated commercial bank. And, like the rest of the West, it remains vigorous and growing. In the last 3 of our 93 years we've added 9 new offices to our tri-state system, and we have immediate plans for further expansion.

1957



Board of Directors

EDWIN E. ADAMS, President
 W. P. FULLER BRAWNER, W. P. Fuller & Co.
 FRANK E. BUCK, Retired
 RALPH K. DAVIES, American President Lines
 CHARLES de BRETTEVILLE, Spreckels Sugar Co.
 CHRISTIAN de GUIGNÉ, Stauffer Chemical Co.
 RICHARD E. HAMBROOK, Pacific Telephone & Telegraph Co.
 WILLIAM KENT, JR., William Kent Estate Co.
 ALFRED B. LAYTON, Crown Zellerbach Corp.
 ROY G. LUCKS, California Packing Corp.
 MARSHALL P. MADISON, Attorney-at-Law
 ELLIOTT McALLISTER, Chairman of the Board
 J. G. McINTOSH, Alexander & Baldwin, Ltd.
 SILAS H. PALMER, Engineer
 HENRY S. PARSONS, Retired
 JACK M. POPE, Food Machinery and Chemical Corp.
 WM. S. TOWNE, M. & T. Inc.
 FREDERIC B. WHITMAN, Western Pacific Railroad
 BRAYTON WILBUR, Wilbur-Ellis Co.

Statement of Condition

As of June 29, 1957

Assets

Cash on Hand and Due from Banks . . .	\$106,230,132.14
United States Government Securities . . .	108,128,171.87
State and Municipal Securities . . .	29,189,255.23
Other Securities . . .	6,565,000.00
Loans and Discounts (Less Reserve) . . .	290,738,053.07
Customers' Liability Under Letters of Credit and Acceptances . . .	15,560,198.36
Bank Premises . . .	5,867,469.38
Other Real Estate . . .	326,212.04
Accrued Interest . . .	1,482,247.10
Other Assets . . .	744,934.70
	<u>\$564,831,673.89</u>

Securities carried at \$103,744,304.69 in the above
 Statement are pledged to qualify for fiduciary powers, and
 for other purposes as required by law.

Liabilities

Deposits:

Demand	\$316,468,899.73	
Time	118,586,215.87	
U. S. Government . . .	21,591,141.23	
Other Public	39,710,830.97	\$496,357,087.80
Accrued Taxes, Interest, Etc.		2,497,855.81
Dividends Declared		408,573.75
Interest Collected Not Earned		2,321,631.48
Letters of Credit, Acceptances and Acceptances Sold With Our Endorsement		15,713,681.12
Bills Payable		10,000,000.00
Capital Funds:		
Capital	\$12,571,500.00	
Surplus	19,428,500.00	
Undivided Profits . . .	5,532,843.93	37,532,843.93
		<u>\$564,831,673.89</u>

THE BANK OF CALIFORNIA

NATIONAL ASSOCIATION

A good bank to start with...

a good bank to grow with



Offices in . . . SAN FRANCISCO and other California cities . . .
 PORTLAND, Oregon . . . SEATTLE and TACOMA, Washington

MEMBER FEDERAL
 DEPOSIT INSURANCE
 CORPORATION

Savings

Seasonal Purposeful

THE New York Savings Bank, at Rockefeller Center, in a program to encourage regular savings, has cooperated with department stores in exhibiting their merchandise.

Thus, depositors are given the incentive to save with a plan.

The "Hearts and Roses" exhibition, displaying a variety of appropriate items, included nearly a thousand suggestions for the bride and her wedding. The

"Save for Sun" exhibit, displaying clothes, luggage and modes of transportation, dramatized saving for vacation or travel. An unusual display of holiday gift suggestions for Christmas was conceived as a special timesaver for Christmas Club members and depositors of the bank.

By exhibiting salable items, the bank helps its customers channel their savings and provides a direct service for them.



"It's More Fun to Marry When You Save..."
In the center window, the bride, who floats through the air on a white feathered swan, and a collection of dolls, which depict yesterday brides, are the main features of a showing of wedding gift suggestions, trousseau, bridal attire, and jewelry

"It's More Fun to Travel When You Save..."
Actual scale models of ocean liners and small boats, as well as a BMW Isetta 300, illustrate means of travel which a regular saver may enjoy. Picnic cases and vacation clothes complete the theme of the bank's "Save for Sun" program. This and the other exhibits, were open to the public daily, during banking hours



"It's More Fun to Shop When You Save..."
A collection of festive gifts, from a boy's snowsuit to novelty piggy banks, makes up a giant window-shopping display as a service to the bank's depositors. The clear plastic balloons, used in this and other displays, contain a variety of gift suggestions. As a special Christmas aid, the bank offered a folder listing price, source, and exact location of each item in the store at which it was available

AMERICAN TRUST COMPANY

San Francisco

Statement of Condition, June 30, 1957

RESOURCES		LIABILITIES	
Cash on Hand and in Banks	\$ 273,512,803.65	Deposits	\$1,454,861,787.35
U. S. Government Obligations	342,934,439.09	Acceptances Outstanding	1,795,810.36
State, County, and Municipal Bonds	66,914,379.95	Reserve for Unearned Discount	14,352,038.14
Other Bonds and Securities	25,592,485.67	Reserve for Interest, Taxes, etc.	9,398,035.00
Stock in Federal Reserve Bank	2,400,000.00	Other Liabilities	2,840,353.09
Loans and Discounts	851,200,681.88	Capital Funds:	
Bank Premises and Equipment	15,049,973.86	Capital Stock (\$10.00 par value)	\$27,812,500.00
Other Real Estate	1.00	Surplus	52,187,500.00
Customers' Liability Under Acceptances	1,783,605.58	Undivided Profits	27,816,097.58
Accrued Interest Receivable and Other Assets	11,675,750.84		107,816,097.58
Total Resources	\$1,591,064,121.52	Total Liabilities	\$1,591,064,121.52

United States Government and other securities carried at \$189,681,168.08 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

FRAZER A. BAILEY
San Francisco
WAKEFIELD BAKER
President, Baker & Hamilton
KENNETH K. BECHTEL
Chairman of the Board
Industrial Indemnity Company
COLBERT COLDWELL
Coldwell, Banker & Company
PETER COOK, JR.
Rio Vista
RANSOM M. COOK
Senior Vice President
PAUL L. DAVIES
Chairman of the Board, Food Machinery and Chemical Corporation
CHARLES ELSEY
San Francisco
B. R. FUNSTEN
President, B. R. Funsten & Co.

DIRECTORS

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Senior Vice President
McCann-Erickson, Inc.
WILLIAM L. KEADY
President, Fibreboard Paper Products Corporation
HARRIS C. KIRK
President
J. R. KNOWLAND
Publisher, Oakland Tribune
DANIEL E. KOSHLAND
President, Levi Strauss & Company
ROGER D. LAPHAM
San Francisco
JAMES K. LOCHEAD
Chairman of the Board
DONALD MACLEAN
President, California and Hawaiian Sugar Refining Corporation

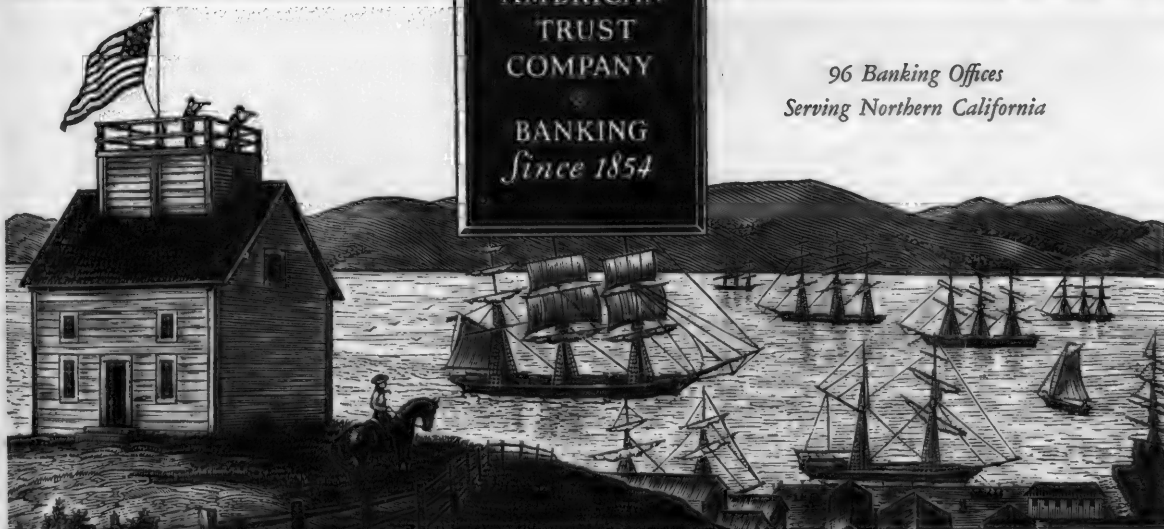
J. W. MAILLIARD, III
Vice President
Mailliard & Schmiedell
DONALD H. McLAUGHLIN
President, Homestake Mining Company
ROBERT W. MILLER
Chairman of the Board
Pacific Lighting Corporation
GEORGE G. MONTGOMERY
President, Kern County Land Company
HERMAN PHLEGER
San Francisco
ALLAN SPROUL
Kentfield
MARK R. SULLIVAN
President, The Pacific Telephone and Telegraph Company
BEN F. WOOLNER
Attorney

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MEMBER FEDERAL RESERVE SYSTEM

AMERICAN
TRUST
COMPANY
BANKING
Since 1854

96 Banking Offices
Serving Northern California



Above: Original wood engraving — Telegraph Hill signal tower, San Francisco, 1854

COLOMBIA



Efficient Services through

BANCO DE BOGOTA

Oldest established and largest Bank in Colombia
MARTIN DEL CORRAL, PRESIDENT

- Special attention to collections
- Accurate and dependable credit information service



117 BRANCHES

TOTAL ASSETS:

More than 726 Million Pesos
(Approximately US. \$290,000,000)

TOTAL COLOMBIAN FOREIGN BUSINESS:

Imports	Exports
1955: US. \$ 671,261,200	US. \$ 583,896,800
1956: US. \$ 655,000,000	US. \$ 607,500,000 (excepting gold exports)

BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.

Scudder
Stevens
& Clark
Fund, Inc.



ESTABLISHED
IN 1928

Prospectus on request:

10 Post Office Square
Boston 9, Massachusetts

300 Park Avenue
New York 22, New York

117 South 17th Street
Philadelphia 3, Pa.

8 So. Michigan Avenue
Chicago 3, Illinois

Main Street

(CONTINUED FROM PAGE 31)

WILLIAM K. PATON, president of Farmers Bank of the State of Delaware, is cruising to northern European waters on the USS Manley. He is a guest of the Navy on this 40-day cruise which is part of the Navy's policy of sending prominent businessmen on good will cruises to foreign ports.

The PASSAIC-CLIFTON NATIONAL BANK AND TRUST COMPANY has opened in Clifton, N. J., a new addition with drive-in and sidewalk banking facilities which are the largest in the city.

CONCORD (N. H.) NATIONAL BANK and CONCORD SAVINGS BANK have started construction on a million-dollar bank building. Bank Building and Equipment Corporation of America is designer and builder.

An additional story is being added to the Professional Building, home office of VALLEY NATIONAL BANK, Phoenix, Ariz.

The FIRST NATIONAL BANK of Fort Worth has taken a long-term lease on a block and a half of downtown property. A bank and office building is to be erected on the full block, and the adjacent tract across the street will be utilized for a parking

(CONTINUED ON PAGE 123)

KANSAS

R. A. Mermis, president, First National Bank, Hays, is 1957-58 president, Kansas Bankers Association





CONTINENTAL ILLINOIS NATIONAL BANK and TRUST COMPANY OF CHICAGO

Statement of Condition

June 30, 1957

RESOURCES

Cash and Due from Banks	\$ 636,140,311.15
United States Government Obligations	573,628,718.52
Other Bonds and Securities	159,564,764.56
Loans and Discounts	1,166,566,922.38
Stock in Federal Reserve Bank	6,450,000.00
Customers' Liability on Acceptances	2,570,975.22
Income Accrued but Not Collected	8,361,194.12
Banking House	7,350,000.00
	<u>\$2,560,632,885.95</u>

LIABILITIES

Deposits	\$2,293,343,572.72
Acceptances	2,590,019.57
Dividend Payable August 1, 1957	2,700,000.00
Reserve for Taxes, Interest, and Expenses	11,263,779.79
Reserve for Contingencies	10,000,000.00
Income Collected but Not Earned	2,797,251.00
Capital Stock (2,700,000 shares. Par value \$33 $\frac{1}{4}$)	90,000,000.00
Surplus	125,000,000.00
Undivided Profits	22,938,262.87
	<u>\$2,560,632,885.95</u>

United States Government obligations carried at \$317,579,832.33
are pledged to secure public and trust deposits and for other
purposes as required or permitted by law

Board of Directors

WALTER J. CUMMINGS, Chairman

J. Q. ADAMS Real Estate	LAWRENCE P. FISHER Director General Motors Corporation	WILLIAM H. MITCHELL Partner Mitchell, Hutchins & Co.
CHAUNCEY B. BORLAND Managing Owner Borland Properties	WILLIS GALE Chairman Commonwealth Edison Company	ROBERT H. MORSE, JR. President Fairbanks, Morse & Co.
CHAMP CARRY President Pullman Incorporated	WILLIAM A. HEWITT President, Deere & Company	PETER V. MOULDER President International Harvester Company
ALFRED COWLES Cowles Properties	JOHN HOLMES Chairman of Board Swift & Company	PHILIP W. PILLSBURY Chairman of the Board of Directors Pillsbury Mills, Inc.
EDWARD A. CUDAHY Chairman of the Board The Cudahy Packing Company	THEODORE V. HOUSER Chairman of the Board Sears, Roebuck and Co.	FRANK F. TAYLOR Banker
JOHN F. CUNEO President The Cuneo Press, Inc.	DAVID M. KENNEDY President	HERMAN WALDECK Banker
CALVIN FENTRESS, JR. Chairman of the Board Allstate Insurance Company	JAMES R. LEAVELL Banker	

LOCK BOX H, CHICAGO 90, ILLINOIS
Member Federal Deposit Insurance Corporation

National Homes Mortgages

are sound, long-term investments

Created by Charles M. Goodman, AIA, one of the nation's foremost residential architects, the attractive designs and practical floor plans of National homes assure the lasting satisfaction of the home buyer. With dozens of basic plans and hundreds of floor plans available—in all price ranges—National Homes' builder-dealers offer homes to meet every taste and need. And the quality materials and construction methods used assure greater value through the years.

Soundness of design and construction is only one of many reasons why more than 600 banks, insurance companies, building and loan associations and other lending institutions—among them the largest in the nation—invest in National Homes mortgages. Experience has shown that these mortgages provide an excellent return for dollars invested. National Homes Corporation, Lafayette, Indiana. Plants at Lafayette, Indiana; Horseheads, New York; Tyler, Texas.



ONE OUT OF EVERY 48 HOMES BEING BUILT
IN AMERICA TODAY IS PRODUCED BY...





WISCONSIN

Walter Jensen, president, First Bank of Grantsburg, is 1957-58 president, Wisconsin Bankers Association

(CONTINUED FROM PAGE 120)
garage capable of serving the bank building and adjacent area.

PHILIP J. KEIDEL, assistant treasurer of the Society for Savings, Cleveland, received from the bank a check for \$1,000 on his 50th anniversary with the 108-year-old institution.

ROBERT HALLORAN, long-time New England representative of Burroughs Corporation, resigned to join Thrifti-Check Service Corporation of New York as a vice-president. He'll devote his efforts largely to assisting

CONNECTICUT

George J. Sokel, president, Home National Bank & Trust Company, Meriden, is 1957-58 president, Connecticut Bankers Association



For
Comprehensive
Banking &
Foreign Exchange
Facilities



THE MITSUBISHI BANK, LTD.

New York Branch: 120 Broadway, New York 5, N.Y.

Head Office: Marunouchi, Tokyo

Branches: 155 throughout Japan

London Branch: 82, King William Street, London E. C. 4

Cable Address: "CHYODABANK"

KNOW YOUR SUPPLIER

When we spend a lot of money for materials needed in our business, we like to know how they are made and who makes them. We like to see the equipment utilized by our supplier and observe it in operation. We like to make the acquaintance of the operating group upon whom we are to depend for service. We like to brief ourselves on the financial standing and business philosophy of the companies that serve us.

Despite the fact that sales representatives as a rule do a good job when it comes to reflecting the character of their respective organizations, we believe that buyers who take the time to visit their suppliers feel a little more at ease after having seen their items made and after having had an opportunity to observe and talk with those who make them. Our representatives do a good job when they tell the DeLuxe story, but nevertheless we do not think it is fully told

until our customers visit our plants.

Perhaps this was not too important in the so-called "good old days," when checks were ordered once a year and when delivery time was flexible. Today it is important because dependable service is keyed to bank operations, and as time goes on and we reach the point where all checks must be imprinted in order for banks to process them, all buyers should be sure that their suppliers have the tools and manpower to maintain the steady flow of daily deliveries.

Price, of course, will always be an important factor when deciding on a supplier. Friendship, too, will continue to be a strong influence. But when the chips are down and when service counts, the one thing that will mean more to the buyer is first-hand knowledge that his supplier has what it takes in capacity, in know-how, in stability.



Manufacturing Plants at: CLIPTON, PAOLI, CLEVELAND,

INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL, DALLAS

IF YOU NEED ACCURATE INFORMATION ON COLOMBIA

★ ★ ★ ★ ★

U. S. industry is joining the parade of Colombian expansion . . .

- ★ Where new U. S. manufacturing plants are being established to tap Colombia's abundant markets.
- ★ Where new wealth is being extracted from Colombia's rich soil.
- ★ Where new business is being stimulated by friendly foreign trade relations between the U. S. and Colombia.

All this means that more and more banks are looking long and carefully at Colombia's continuing development when seeking correspondent relations in Latin America.

The reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 43 years' experience growing with Colombia, and the complete facilities of our 41 offices located in every important commercial market of the country.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

Capital paid-up	\$21,269,887.50 — Pesos Colombian.
Legal reserves	\$21,591,898.60 — Pesos Colombian.
Other reserves	\$13,141,357.41 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (3), Buga, BOGOTA (7), Bucaramanga, Cali (3), Cartagena, Cartago, Cúcuta, El Banco, Girardot, Ibagué, Llorica, Magangué, Manizales, Medellín (4), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (8)

New York Representative — Henry Ludek, 40 Exchange Place, New York 5, N. Y.

**For the answers
you need on Canada...**

Your inquiries on any phase of Canadian business will receive prompt attention from any of our offices listed below:



BANK OF MONTREAL

New York — 64 Wall Street

San Francisco — 333 California Street

Chicago: Special Representative's Office, 141 West Jackson Blvd.

700 BRANCHES ACROSS CANADA

RESOURCES — \$2,700,000,000



MINNESOTA

H. G. Hamre, president, State Bank of Wood Lake, is 1957-58 president, Minnesota Bankers Association

client banks which plan to install various systems for automatic check handling.

JAMES A. BACIGALUPI, JR., was appointed administrative assistant to the president at Crocker-Anglo National Bank, San Francisco, and WALTER F. WINROTT, JR., was advanced to a vice-presidency.

The PHILADELPHIA SAVING FUND SOCIETY has opened in Roxborough, Pa., its 16th office.

The TOOTLE NATIONAL BANK, St. Joseph, Mo., has opened a motor bank. Besides the drive-in windows, (CONTINUED ON PAGE 126)

NEW HAMPSHIRE

Ralph A. McIninch, president, Merchants National Bank, Manchester, is 1957-58 president, New Hampshire Bankers Association



BANKING



MICHIGAN NATIONAL BANK

BATTLE CREEK

FLINT

GRAND RAPIDS

LANSING

MARSHALL

PORT HURON

SAGINAW

STATEMENT OF CONDITION

June 30, 1957

ASSETS

Cash and Due from Banks.....	\$ 53,012,379.14	
U. S. Government Securities.....	144,543,064.16	
U. S. Guaranteed Loans.....	55,900,467.10	\$253,455,910.40
Loans—Other.....		199,480,205.11
Bank Buildings and Equipment.....		8,431,137.81
Other Securities.....		1,729,511.72
Accrued Income.....		1,231,115.00
Other Assets.....		1,707,934.83
Total Assets.....		<u>\$466,035,814.87</u>

LIABILITIES

Deposits.....		\$421,110,428.78
Other Liabilities.....		4,449,183.99
Deferred Income.....		14,782,967.72
Preferred Stock.....	\$ 1,000,000.00	
Common Stock.....	7,500,000.00	
Surplus.....	7,500,000.00	
Profits and Reserves.....	9,693,234.38	25,693,234.38
Total Liabilities.....		<u>\$466,035,814.87</u>

OPEN EACH WEEKDAY INCLUDING SATURDAY UNTIL 4:30 P.M.

*Member
Federal Reserve System
Federal Deposit Insurance Corporation*

(CONTINUED FROM PAGE 124)

there's parking space for about 50 cars.

Plans have been announced to merge The Bank of Brentwood, Pa., with WESTERN PENNSYLVANIA NATIONAL BANK, McKeesport.

EDWARD P. PREZZANO has announced his intention to resign at the end of the year as vice-chairman of the board of the National Bank of Westchester, White Plains, N. Y., but will continue as a director.

WILLIAM F. TALLEY, assistant vice-president of the Fulton National Bank of Atlanta, Ga., has been awarded the Civitan of the Year plaque by the Druid Hills Civitan Club. MR. TALLEY is in charge of Fulton's Ponce de Leon Plaza Office. He's a past president of Atlanta Chapter, A.I.B.

More than 60 Southern California bankers, representing member banks of the Independent Bankers Association of Southern California, recently were guests of the Navy on a one-day cruise aboard the USS



1957 student body at The School of Banking of the South, Louisiana State University, Baton Rouge

Saint Paul. The cruise took the place of the association's regular monthly dinner meeting.

E. Y. CHAPIN, JR., was named chairman of the executive committee of the American National Bank and Trust Co., Chattanooga, Tenn.,

and is succeeded as president by SAM I. YARNELL.

GEORGE F. EVANS was elected president of the Easthampton (Mass.) Savings Bank, and is succeeded as vice-president and treasurer by HOWARD E. FASSER.



an end to your worries...

You're bound to benefit from our years of experience in helping to protect the resources of financial institutions and solving their fidelity problems. National Surety Bankers Blanket Bonds are available nationally through a network of top independent insurance agents and brokers.



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FIREMAN'S FUND INSURANCE COMPANY
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Central Bonding Offices:
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Branch Offices in Principal Cities Throughout America

Houston's Largest Bank

presents its

Statement of Condition

Condensed Statement of Condition as of June 6, 1957

RESOURCES:

Cash and Due from Banks.....	\$180,708,830.08
U. S. Government Bonds.....	\$163,718,376.00
Municipal Bonds and Warrants.....	14,907,304.48
Federal Reserve Bank Stock.....	1,380,000.00
Other Investments.....	4,137,865.75
Loans and Discounts.....	184,143,546.23
Federal Funds Sold.....	222,239,993.79
Bank Premises.....	12,000,000.00
Furniture and Fixtures.....	9,462,500.00
Other Real Estate.....	1.00
Interest on Securities and Other	
Income Earned—Not Collected...	25.00
Customers' Liability on	9,462,526.00
Letters of Credit.....	2,172,606.79
TOTAL RESOURCES.....	13,011,811.66
	<u>\$623,739,314.55</u>

LIABILITIES:

Capital Stock.....	\$ 23,000,000.00
Surplus.....	23,000,000.00
Undivided Profits.....	3,079,196.15
TOTAL CAPITAL ACCOUNT	<u>\$ 49,079,196.15</u>
Reserve Accounts.....	5,547,994.78
Liability on Letters of Credit.....	13,011,811.66

DEPOSITS:

Individual.....	\$434,775,413.25
Banks.....	116,717,857.66
Government.....	4,607,041.05
TOTAL LIABILITIES.....	<u>556,100,311.96</u>
	<u>\$623,739,314.55</u>

FIRST CITY
NATIONAL BANK
OF HOUSTON

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Washington

(CONTINUED FROM PAGE 37)

the Senate. The two most controversial issues in the House are cumulative voting and savings-and-loan branching. Federal chartering of savings banks, a proposal of Congressman Multer of New York, also may figure in the hearings.

Housing Act

Agreement on the Housing Act of 1957 was reached by Senate and House conferees late in June. The

act liberalizes housing credit. Among its provisions are:

- New downpayments for insured loans as follows: 3% on the first \$10,000 of appraised value, 15% on \$10,000 to \$16,000 values, and 30% on values from \$16,000 to \$20,000.
- FHA and VA are to establish "reasonable" discount prices for acceptance of insurance or guaranty.
- The special assistance program is continued, with FNMA required to buy military housing loans on a 100% basis.
- The college housing program

is continued, with interest rate unchanged.

• FNMA operations are increased, more than \$1-billion of new funds being made available for mortgage market supports and \$500,000,000 for the purchase of special assistance loans.

• Urban renewal receives a new authorization of funds, without change in the existing provisions of Section 221 relating to terms for "relocation housing."

• The VHMCP is extended for two years.

For insured loans the act sets maximum values of \$20,000 for 1- and 2-family dwellings, \$27,500 for 3-family dwellings, and \$35,000 for 4-family dwellings. Urban renewal mortgages are made subject to the same ratios. The act increases by \$65,000,000 the amount of FNMA preferred stock owned by the Treasury, giving FNMA an additional \$715,000,000 mortgage-purchasing authority. Excluded from the bill as it passed the Congress was the provision which would have authorized FNMA to make construction loans in connection with the special assistance program. Under the Senate provision, which was not enacted, FNMA could not only have made construction loans, but later taken mortgages on the properties in competition with banks, which are the main source of construction financing. Also missing from the final draft is the Senate proposal that FNMA lend to persons displaced by urban renewal projects. The compromise measure, however, is in several respects more liberal than the Administration's proposals.

Small Business Financing Study

During the Senate small business subcommittee's June hearings several Senators suggested to Federal Reserve Board Chairman Martin that the Board make a study of small business financing. Mr. Martin promised to take the matter up with his associates. At this writing there has yet been no announcement of the Board's decision, but such a study by the Board seems to be a strong likelihood. Having in mind the beneficial consequences of the studies of consumer credit made in the 1920s and 1930s by the Russell Sage Foundation and others—spreading knowledge of the opportunities

(CONTINUED ON PAGE 131)

Opens the door of international trade to your bank!



Complete Foreign Department

Just make Commerce Trust foreign department *Your Own* foreign department! You will command the skilled and experienced services of the Commerce Trust staff. And... through our direct network of contacts in banks abroad...you are provided Commercial Letters of Credit, Foreign Credit Information, Import-Export Regulations, Collections and Transfers, Currency Rates, Overseas Marketing Assistance and many other services for your customers and your bank.

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Look to Hanover

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Our international network of correspondent banks provides sources of information throughout the world. Our Foreign Division has, for over half a century, assisted banks and their customers with their dealings abroad. Our Credit Department maintains files on all nationally known concerns.

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Clearances
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Portfolio Review
and Safekeeping

Credit information

Guidance on
trust matters

Foreign transactions

Pension and
profit-sharing
trust planning

Helpful service
on your many
diversified
transactions

Don't buy any life insurance until you investigate

*Acacia Mutual's
exciting
new policy*

the Executive

There's something brand new in permanent life insurance protection for either personal or business needs and Acacia has it in the *Executive*.

Consider these unique and unprecedented features:



Increasing death benefits right up to age 65. For example: a \$10,000 policy issued at age 35 pays your beneficiary \$11,070 should death occur at age 40; \$13,370 at age 50; \$15,230 at age 60.



At any time prior to age 65 the full cash value may be borrowed for emergency or business expenses without reducing the initial amount of the death benefit provided by this policy.



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State _____

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**ACACIA MUTUAL
LIFE INSURANCE COMPANY**

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Washington 1, D. C.

(CONTINUED FROM PAGE 128)

throughout the country and bringing about the modification of state laws—Mr. Martin saw possibilities in a small-business credit study now.

A fresh study of this subject, Mr. Martin told the Senators, might confirm the existence of gaps in present financing facilities and techniques and might produce important by-products. The pointing out of potentially profitable lending opportunities could stimulate private enterprise to fill any indicated gaps, he added.

Comptroller's June Call

At mid-year, for the first time in 40 years, the Comptroller called for reports from national banks for a June date other than the 30th. This year data were called for as of June 6. In 1917, national banks were asked to report as of June 20 and in 1915 as of June 23. Comptroller Gidney evidently thought a surprise this year would be a good thing, and he has received a number of complimentary letters from banks. June 30 and December 31 are traditional window-dressing dates. Bank statements of condition distributed to the public generally are as of those two month-end dates. The June call is not necessarily an indication that the same policy will be repeated for December this year. At least as far back as 1914 the year-end call has applied to December 31.

The statute requires at least three calls a year by the Comptroller, although for a long time he has asked for four reports. In theory there should be an element of surprise in the calls, but, with June 30 and December 31 so long regularly used as the basis for two calls, only the spring and fall calls remained to provide surprise.

Geographical Distribution of Bank Pension Plans

Supplementing the information on national bank staff pension plans presented in July BANKING, page 82, is the table on the next page, showing for small and large national banks the numbers and percentages with and without such plans in the various Federal Reserve districts. Throughout the country the larger banks all have pension plans, while of the smaller banks only 22% have pension programs. Most of the small banks without plans are in agricul-

Guaranty Trust Company of New York

140 BROADWAY
FIFTH AVE. AT 44th ST. MADISON AVE. AT 60th ST. LONDON † PARIS
40 ROCKEFELLER PLAZA BRUSSELS

Condensed Statement of Condition, June 30, 1957

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 686,810,593.20
U. S. Government Obligations	509,304,841.10
Loans and Bills Purchased	1,590,673,425.87
Public Securities	\$ 44,516,050.25
Stock of Federal Reserve Bank	9,600,000.00
Other Securities	28,119,984.74
Credits Granted on Acceptances	25,691,481.22
Accrued Interest, Accounts Receivable, etc.	37,752,066.76
Real Estate Bonds and Mortgages	12,224,216.19
Bank Premises	11,129,855.49
Total Resources	\$2,955,822,514.82

LIABILITIES

Capital (6,000,000 shares-\$20 par)	\$120,000,000.00
Surplus Fund	200,000,000.00
Undivided Profits	92,680,991.19
Total Capital Funds	\$ 412,680,991.19
Deposits	2,457,059,892.80
Foreign Funds Borrowed	548,000.00
Acceptances	\$ 29,953,722.54
Less: Own Acceptances Held for Investment	2,314,479.48
	\$ 27,639,243.06
Dividend Payable July 15, 1957	4,800,000.00
Items in Transit with Foreign Branches	3,840,306.16
Reserve for Expenses and Taxes	18,366,318.38
Other Liabilities	30,887,763.23
Total Liabilities	\$2,955,822,514.82

Securities carried at \$207,564,475.68 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

Member Federal Deposit Insurance Corporation

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The Reconstruction Finance Corporation sign comes down from 811 Vermont Avenue, Washington, as the RFC goes out of business with the end of the Government's fiscal year 1957. At right of this group of RFC employees is Matthias Knarr (hands crossed), secretary of the corporation, who had been with the organization since its beginning in 1932

tural sections. In the Boston and New York districts most banks, both large and small, have staff pension programs. The banks in the San Francisco, Minneapolis, and Philadelphia districts come next. But in the St. Louis, Dallas, and Kansas City districts less than one-fifth of the banks now have plans in operation.

Additional information on this subject will be found in the next annual report of the Comptroller of the Currency, to be published soon.

Bond Account Maturities

Another special feature of this year's annual report of the Comptroller will be the section dealing with the distribution of maturities of national banks' bond accounts. A reflection of higher interest rates prevailing in 1956 and the attendant decline in bond prices was the shifting in bank portfolios from longer maturities into shorter ones less vulnerable to price gyrations. Also, the

(CONTINUED ON PAGE 134)

Geographical Distribution of National Banks with Pension Plans

Federal Reserve District	Banks with Deposits under \$10,000,000			Banks with Deposits over \$10,000,000			Grand total percentage with plans
	Number of Banks		Percentage with plans	Number of Banks		Percentage with plans	
	Without plans	With plans		Without plans	With plans		
1. Boston.....	91	94	51	12	51	81	58
2. New York.....	144	112	44	32	95	75	54
3. Philadelphia.....	239	128	35	27	68	72	42
4. Cleveland.....	231	57	20	23	68	75	33
5. Richmond.....	185	60	24	29	65	69	37
6. Atlanta.....	152	28	16	39	82	68	37
7. Chicago.....	283	57	17	70	147	68	37
8. St. Louis.....	234	21	8	22	39	64	19
9. Minneapolis.....	180	81	31	2	63	97	44
10. Kansas City.....	457	52	10	47	55	54	18
11. Dallas.....	349	37	10	46	54	54	19
12. San Francisco.....	49	13	21	11	40	78	47
TOTAL.....	2,594	740	22	360	827	70	35

IRVING TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1957

ASSETS

Cash and Due from Banks	\$ 434,225,708
Securities:	
U. S. Government Securities	329,424,845
Securities Issued or Underwritten by U. S. Government Agencies	36,548,046
Stock in Federal Reserve Bank	3,150,000
Other Securities	3,422,163
	<u>372,545,054</u>
Loans:	
Loans Guaranteed or Insured by U. S. Government or its Agencies	36,241,532
Loans Secured by U. S. Government Securities	8,055,179
Other Loans	785,467,979
	<u>829,764,690</u>
Mortgages:	
U. S. Government Insured F.H.A. Mortgages	19,860,405
Conventional First Mortgages on Real Estate	559,045
	<u>20,419,450</u>
Banking Houses	16,430,880
Customers' Liability for Acceptances Outstanding	53,733,779
Accrued Interest and Other Assets	7,754,874
Total Assets	<u>\$1,734,874,435</u>

LIABILITIES

Deposits	\$1,496,661,681
Bills Payable	30,000,000
Taxes and Other Expenses	12,721,055
Dividend Payable July 1, 1957	2,000,000
Acceptances: Less Amount in Portfolio	57,046,684
Other Liabilities	6,469,493
Total Liabilities	<u>1,604,898,913</u>

CAPITAL ACCOUNTS

Capital Stock (5,000,000 shares—\$10 par)	50,000,000
Surplus	55,000,000
Undivided Profits	24,975,522
Total Capital Accounts	<u>129,975,522</u>
Total Liabilities and Capital Accounts	<u>\$1,734,874,435</u>

U. S. Government Securities pledged to secure deposits of public monies and for other purposes required by law amounted to \$98,858,093.

DIRECTORS

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Chairman of the Board

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President

HENRY P. BRISTOL
Chairman, Bristol-Myers Company

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Chairman of the Executive Committee

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Chairman, The Flintkote Company

DAVID L. LUKE, JR.
*President, West Virginia
Pulp and Paper Company*

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*Chairman and President,
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*Vice President and Treasurer,
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*Chairman and President,
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*Chairman,
Canada Dry Ginger Ale, Incorporated*

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PETER S. PAINE
*President,
New York & Pennsylvania Co.*

LEROY A. PETERSEN
President, Otis Elevator Company

J. WHITNEY PETERSON
*President,
United States Tobacco Company*

DONALD C. POWER
*President,
General Telephone Corporation*

RAYMOND H. REISS
*President,
Reiss Manufacturing Corporation*

HERBERT E. SMITH
*Former Chairman of the Board
and Chief Executive Officer,
United States Rubber Company*

E. E. STEWART
*Chairman and President,
National Dairy Products Corporation*

WILLIAM J. WARDALL
New York, N.Y.

FRANCIS L. WHITMARSH
*President,
Francis H. Leggett & Company*

*Died June 30, 1957

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CONDENSED

Statement of Condition

AT CLOSE OF BUSINESS JUNE 30, 1957

DIRECTORS

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Chairman of the Board

ROY A. BRITT
President

CARL E. BAKER
MILO W. BEKINS
W. J. BOYLE
WALTER H. BUTLER
RALPH J. CHANDLER
DWIGHT L. CLARKE
ERNEST E. DUQUE
L. O. IVEY
G. HAROLD JANEWAY
ROBERT GIBSON JOHNSON
EARLE M. JORGENSEN
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KENNETH T. NORRIS
GEORGE A. PARKER
SAMUEL K. RINDGE
WILLIAM S. ROSECRANS
W. A. SIMPSON
RON STEVER
KENNETH B. WILSON

RESOURCES

Cash and Due from Banks	\$101,782,001.33
United States Government Securities	166,179,255.12
Obligations of Other Federal Agencies	3,373,125.00
State, County and Municipal Securities	23,288,358.30
Other Securities	500,000.00
Loans and Discounts	192,223,191.50
Federal Reserve Bank Stock	660,000.00
Stock in Commercial Fireproof Building Co. — Head Office Building	348,500.00
Bank Premises and Furniture and Fixtures	5,963,836.37
Other Real Estate Owned	1.00
Customers' Liability under Letters of Credit and Acceptances	2,110,657.67
Earned Interest Receivable	1,808,746.72
Other Resources	369,564.05
TOTAL	\$498,607,237.06

LIABILITIES

Capital Stock	\$ 7,000,000.00
Surplus	15,000,000.00
Undivided Profits	7,634,993.87
SUB-TOTAL	\$ 29,634,993.87
Reserves for Taxes, Expenses, Etc.	1,985,927.01
Discount Collected — Unearned	4,167,901.14
Letters of Credit and Acceptances	2,110,657.67
Other Liabilities	1,068,771.76
Deposits	459,640,985.61
TOTAL	\$498,607,237.06

Head Office: Fifth & Spring Streets, Los Angeles
Hill Street Office: 736 So. Hill Street
Subway Terminal Office: 439 So. Hill Street
Conveniently located branch offices in the greater Los Angeles area



CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES

Member Federal Reserve System
Member Federal Deposit Insurance Corporation
Established 1890

(CONTINUED FROM PAGE 132)

passage of time automatically put some bonds into the short-maturity range. During 1956, national banks' holdings of 1- to 5-year Treasury securities as a proportion of bond portfolio increased for the foregoing two reasons from 56 to about 70%.

Distribution of Banking Resources

The Comptroller's office has been studying competition in banking in the 1946-1956 decade. The study throws light on trends about which many bankers have been wondering, in view of the diverse movements of population, trade, and industry that have characterized the postwar period. We refer to the movement from farm to city employment, the flight of residents from big cities into suburban areas, the extension of big-city boundaries through the incorporation of outlying sections, the establishment of industrial and office activities in previously undeveloped places or in suburbs.

What the Comptroller's office has done is to examine, for mid-1946 and mid-1956, the banking figures for 254 cities distributed among the 48 states. Nearly all these cities have a population of more than 50,000. Separately tabulated are the percentages of banking resources in each city held by the biggest bank, by the two biggest banks, and by the others. The study shows that the smaller banks have held their own, despite the many bank mergers and consolidations.

In mid-1946 the banks in the 254 cities held 73½% of the commercial banking resources of the nation. In mid-1956 they held 72.3%, representing a negligible net change in their national position. The Comptroller's annual report will present the detailed results of the survey.

Still other information of interest to banks to be made available this year by the Comptroller relates to national banks' reserves for bad debts. Information on this was requested in the mid-year call. Its tabulation will enable the Comptroller to determine what a change in the present formula might cost the Treasury. The loss-percentage factor as currently defined is based upon a bank's 20 worst consecutive years, as selected by the bank. Many banks use the 20 years starting with January 1, 1928. (END)



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DEPARTMENT FOR FULL DETAILS
8 Field Offices
Throughout the Country

CREDIT LIFE AGENCY, INC.
61 Barclay N.E., Grand Rapids, Mich.

Resources

Cash and Due From Banks	\$210,528,972.24
U. S. Government Securities	114,071,426.22
State, Municipal and Other Securities	9,123,530.54
Stock in Federal Reserve Bank	2,250,000.00
Loans and Discounts	396,685,433.50
Bank Building and Equipment	25,258,997.69
Acceptances—Customers' Account	10,101,089.92
Letters of Credit—Customers' Account	33,491,562.59
Other Assets	1,244,327.78
TOTAL	\$802,755,340.48

Liabilities

Capital	\$ 32,130,000.00
Surplus	42,870,000.00
Undivided Profits	3,378,597.23
Reserve for Contingencies	10,746,825.53
Reserve for Taxes, Etc.	6,174,944.87
Acceptances—Customers' Account	11,022,089.92
Letters of Credit—Customers' Account	33,491,562.59
Deposits:	
Individual	\$457,804,807.47
Banks	159,451,813.01
U. S. Government	45,684,699.86
TOTAL	\$802,755,340.48

Directors

KARL HOBLITZELLE
Chairman of the Board
FRED F. FLORENCE
Chairman, Executive Committee
JAMES W. ASTON
President
AUSTIN F. ALLEN
Chairman, Texas Employers
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J. L. LATIMER
President, Magnolia Petroleum Co.
W. W. LYNCH
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President, Neiman-Marcus Co.
B. F. McLAIN
President, Hart Furniture Co.
J. H. PEARLSTONE
President, Pearlstone Mill and
Elevator Co.
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LAWRENCE S. POLLOCK
President, Pollock Paper Corporation
J. W. SIMMONS
President, Simmons Cotton Oil Mills
R. L. TAYLOR
Vice-President, Sears, Roebuck and Co.
JOE C. THOMPSON
President, Southland Corporation
WILLIAM H. WILDES
Chairman, Republic Natural Gas Co.

Statement of Condition

JUNE 6, 1957

MEMBER
FEDERAL DEPOSIT
INSURANCE
CORPORATION

REPUBLIC
National **BANK** of Dallas

CAPITAL AND SURPLUS \$75,000,000 • LARGEST IN THE SOUTH

THE POPULATION OF SOUTHERN CALIFORNIA has expanded at a rate 3 times that for the United States as a whole. Since 1950, the southern half of California has accounted for 13% of the nation's population gain. More people have been added to the area's population since the 1950 Census than during any previous period of equal length. In the past 7 years, the estimated increase has amounted to more than 2,500,000—a gain of 1,000 per day.



STATEMENT OF CONDITION

JUNE 30, 1957

RESOURCES

Cash and Due from Banks	\$ 488,536,705.74
U. S. Government Securities	\$1,050,185,974.70
State and Municipal Securities	98,263,018.85
Other Bonds and Securities	33,699,543.17
Loans (less reserves)	1,182,148,536.72
Earned Interest Receivable	920,298,214.37
Customers' Liability—Accept. and L/C	7,495,391.41
Bank Premises	8,208,589.07
Other Assets	7,091,930.86
TOTAL	402,575.78
	\$2,614,181,943.95

LIABILITIES

Capital	\$ 59,775,000.00
Surplus	59,775,000.00
Undivided Profits	61,319,357.06
Reserves for Interest, Taxes, etc.	\$ 180,869,357.06
Interest Collected—Unearned	15,576,547.47
Acceptances and Letters of Credit	7,697,740.21
Other Liabilities	8,208,589.07
Deposits—Time	414,035.59
—Demand	\$ 862,305,512.38
TOTAL	1,539,110,162.17
	2,401,415,674.55
	\$2,614,181,943.95

Securities carried at \$267,934,532.00 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

153 Offices and Branches serving Southern California

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Shannon Crandall, Jr. President		
California Hardware Co.		

Member: Federal Reserve System, Federal Deposit Insurance Corporation

Government Bonds

(CONTINUED FROM PAGE 55)

rowings averaged over \$1-billion for the period. As a result, "negative reserves" stayed over \$500,000,000 for the month.

At the end of the month the increase in money in circulation prior to the July 4 holiday weekend put more pressure on bank reserve positions and forced the Open Market Committee to take action to ease conditions somewhat.

Market Outlook

Two factors give some indication of the course of the market for the balance of 1957.

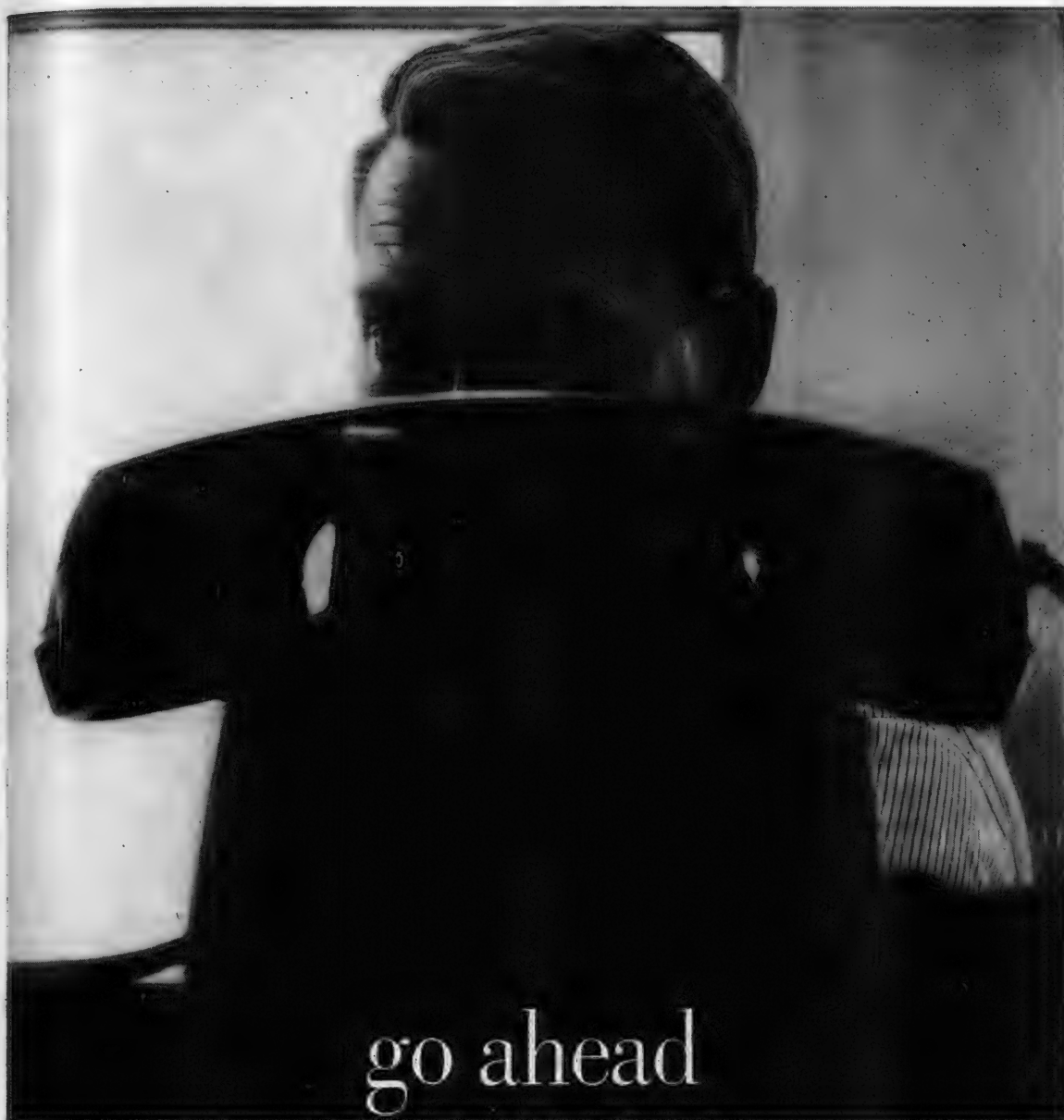
In the first place, the testimony of both Mr. Martin and Mr. Humphrey, before the Senate Committee presided over by Senator Byrd, has very definitely confirmed the intention of the Federal Reserve, with the full support of the Treasury, to maintain the present policy of credit restriction *unless* there should be a marked change in the outlook for business. What increase in the supply of credit is needed to provide for an increase in total business volume will be provided, but only for the purpose of increasing production.

In the second place, there is the large amount of new cash which the Treasury will need for the balance of the year. As it seems this can be obtained only from very short-term obligations, there is the decided probability of a further rise in the short-term rate. However obtained, the amount will be in addition to the further needs of industry and municipalities. Greater demand on a supply which does not increase can hardly fail to raise the cost.

Rate Rises Are Being Discussed

Even if during the summer months there should be some slight slackening in the business volume, general opinion looks for renewed activity in the final quarter of the year. If this occurs, there is the possibility of a further rise both in the discount rate and in the "prime" rate for bank loans. This is already being discussed.

Under the circumstances, it does not seem that the lowest prices for Government securities have yet been registered. (END)



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Society

FOR SAVINGS

IN THE CITY OF CLEVELAND

STATEMENT OF CONDITION • JUNE 30, 1957

RESOURCES

Cash on Hand and Due from Banks	\$ 18,010,594.73
United States Government Obligations	80,227,942.98
(Including \$17,400,000.00 as Lawful Reserve)	
Other Investments	35,508,316.16
First Mortgage Loans on Real Estate	139,077,284.34
Other Loans and Discounts	46,429,027.28
Bank Premises	2,526,740.42
Interest Accrued and Other Assets	1,646,219.47
Total	\$323,426,125.38

LIABILITIES

Surplus	\$ 22,000,000.00
Reserve for Contingencies	1,083,136.59
Reserve for Taxes and Expenses	2,084,464.41
Savings Deposits	289,690,559.78
Other Deposits	1,260,052.45
Deferred Credits and Other Liabilities	7,307,912.15
Total	\$323,426,125.38

United States Government Obligations carried at \$740,000.00 are pledged to secure Public Deposits as required or permitted by law.

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The Fisher Brothers Company

THOMAS COUGHLIN, Director
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Vice President & Secretary
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The Cleveland-Cliffs Iron Company

ARTHUR P. WILLIAMSON
Chairman of the Board

N. Y. Banking Protests S&L

THE New York State Banking Department has urged the Federal Home Loan Bank Board not to grant to any Federal savings and loan association in that state, broader branch facilities than may be extended to state-chartered savings and loan associations under present statutes.

The protest was made at the direction of George A. Mooney, State Superintendent of Banks, in connection with an application from the Bankers Federal Savings and Loan Association for an additional branch in New York City's borough of Queens.

The New York Banking Law specifies that a state-chartered savings and loan association may, upon approval of the Superintendent of Banks, open one branch office not more than 50 miles from its principal office. The exception would be the acquisition of a branch through merger. Bankers Federal's main office is situated in Manhattan. It already has two branches by application, rather than merger, which obviously contravenes New York's banking statute, Mr. Mooney said.

Presenting the Banking Department's statement at a hearing of the Federal Home Loan Bank Board in Washington was Charles R. Murray, deputy superintendent. He pointed out that the present application before the board marks the 25th instance in the past 10 years that the board has proposed to take action contrary to the laws of the State of New York. Previous protests by the State Banking Department have been ignored in virtually every instance, he told the board. "Because of the competitive situation in which banking institutions of all kinds now find themselves regarding branches, however, the New York State Banking Department must voice its objection to the instant application and to the several others that it is understood are pending before this board," Mr. Murray asserted.

He went on to state that the

Department Branching

board, in the opinion of many banking lawyers, has no authority to grant any branches to Federal savings and loan associations. He continued, "Until such authority has been affirmed either by Federal statute or a decision by a court of competent jurisdiction, we suggest that the board refrain from granting branches to Federal institutions."

It was emphasized in the Banking Department's statement by Mr. Murray that:

(1) New York's laws do not permit a state-chartered savings and loan association to have more than one branch by application.

(2) The granting to a Federal savings and loan association of a branch not legally possible to a state-chartered association would be incompatible with the dual banking system and in violation of states' rights.

(3) National banks, by law, are obliged to observe statutory limitations on branches within the states where they operate.

(4) Were it to be determined that there is any need for additional savings and loan facilities in Queens, there are any number of associations eligible to obtain a branch under the state banking statute.

(5) Approval of the application could pave the way for rivalry between Federal and state institutions, leading to an aftermath prejudicial to the best interests of all.

Mr. Murray emphasized that the New York Banking Law requires "that the business of all banking organizations should be supervised and regulated in such manner as to insure the safe and sound conduct of such business, to conserve their assets, to prevent hoarding of money, to eliminate unsound and destructive competition among such banking organizations, and thus to maintain public confidence in such business and protect the public interest and the interests of the depositors, creditors, shareholders, and stockholders."



Society NATIONAL BANK OF CLEVELAND

STATEMENT OF CONDITION • JUNE 30, 1957

RESOURCES

Cash on Hand and Due from Banks	\$15,158,583.89
United States Government Obligations	19,543,359.38
Other Investments	5,431,444.70
Federal Reserve Bank Stock	150,000.00
Loans and Discounts	15,261,039.29
Interest Accrued and Other Assets	219,100.80
Total	\$55,763,528.06

LIABILITIES

Capital Stock	\$ 2,000,000.00
Surplus	3,000,000.00
Undivided Profits	505,358.91
Accrued Taxes and Other Liabilities	425,587.76
Deposits	49,832,581.39
Total	\$55,763,528.06

United States Government Obligations carried at \$9,492,812.50 are pledged to secure Public Deposits as required or permitted by law.

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Proper Auditing Will Stop Defalcations

BANK audits were defined recently as "the surest deterrent to defalcations," by James Marshall Power, deputy superintendent and counsel of the New York State Banking Department.

Addressing the annual upstate conference of The New York State Society of Certified Public Accountants, Mr. Power stressed "the extreme importance of adequate audits" as something which "competent bankers and bankers' accountants should understand thoroughly," adding that "this is becoming more apparent as time goes on."

In describing the Banking Department's efforts "to combat defalcations by emphasizing proper audit procedures," Mr. Power enumerated the main phases of what is considered a satisfactory auditing program, as follows:

(1) Each bank should have a qualified auditor, either full or part-time. This man should be responsible directly to the board of directors and be empowered to examine any department or transaction at any time of his own choosing.

(2) The over-all structure of the auditing procedure for any bank should be spelled out in writing. This plan should set up standards for the scope and the frequency of the audits of particular departments of the bank. It should also provide for written records of audit activities.

(3) Outside accountants should be used by banks to analyze internal audit procedures and to suggest changes based on their experience. Where the size of the bank does not permit an extensive internal audit procedure, the outside accountant should be used to conduct periodic audits of the bank without advance notification.

(4) There should be provision for regular verification of loan and deposit balances and of collateral. This verification should be made directly with depositors and borrowers.

(5) No one person should handle money transactions from the receipt of funds to entry in the books.

(6) Inactive accounts should be segregated and closely controlled.

(7) Annual vacations should be compulsory. Jobs should be rotated periodically.

(8) Bookkeepers and tellers should be barred from participation in the proving, preparing and mailing of checking account statements.

Improvement Since 1951

A survey of audit programs was taken in 1956, Mr. Power recalled, and, while it showed improvements over one made in 1951, it highlighted serious continuing problems. It thus became evident that stronger measures than those theretofore taken by the department to improve bank audits were necessary, he declared. Accordingly, legislation was sought and enacted into law to give the superintendent the right to require the employment of independent auditors if a bank's internal auditing procedure was inadequate, he said.



The First National Bank of Chicago

Statement of Condition June 30, 1957

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CHESSER M. CAMPBELL President, Tribune Company	WILLIAM WOOD PRINCE Chairman of the Board, Union Stock Yard and Transit Company of Chicago
J. D. FARRINGTON Chairman of the Board, Chicago, Rock Island and Pacific Railroad Company	GILBERT H. SCRIBNER Winston & Company
MARSHALL FIELD, JR. Editor and Publisher, Chicago Sun-Times	R. DOUGLAS STUART Chairman of the Board, Quaker Oats Company
JAMES B. FORGAN Vice-Chairman of the Board	LOUIS WARE President, International Minerals & Chemical Corp.
WALTER M. HEYMANN Executive Vice-President	C. J. WHIPPLE Chairman of the Board, Hibbard, Spencer, Bartlett & Co.
HENRY P. ISHAM President, Clearing Industrial District, Inc.	JOHN P. WILSON Wilson & McIlwaine
JAMES S. KNOWLSON Chairman of the Board, Stewart-Warner Corp.	ROBERT E. WILSON Chairman of the Board, Standard Oil Company (Indiana)
HOMER J. LIVINGSTON President	ROBERT E. WOOD Director, Sears, Roebuck and Co.
HUGHSTON M. MCBAIN Chairman of the Board, Marshall Field & Company	
HARRY C. MURPHY President, Chicago, Burlington & Quincy Railroad Company	

ASSETS

Cash and Due from Banks	\$ 549,307,945.40
United States Government Obligations	563,646,861.01
Other Bonds and Securities	137,684,337.99
Loans and Discounts	1,556,483,156.96
Real Estate (Bank Buildings and Adjacent Property)	1,348,981.62
Federal Reserve Bank Stock	6,750,000.00
Customers' Liability Account of Acceptances	2,758,525.67
Interest Earned, not Collected	6,460,620.37
Other Assets	1,448,454.57
	<u>\$2,825,888,883.59</u>

LIABILITIES

Capital Stock	\$ 100,000,000.00
Surplus	125,000,000.00
Undivided Profits	13,543,051.30
Discount Collected, but not Earned	5,281,495.46
Dividends Declared, but Unpaid	2,000,000.00
Reserve for Taxes, etc.	28,064,146.79
Liability Account of Acceptances	2,863,732.67
Time Deposits	\$ 538,075,464.83
Demand Deposits	1,723,356,834.38
Deposits of Public Funds	287,704,158.16
	<u>2,549,136,457.37</u>
	<u>\$2,825,888,883.59</u>

United States Government obligations carried at \$340,692,814.31 are pledged to secure United States Government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Building with Chicago since 1863



CONDENSED STATEMENT OF CONDITION, JUNE 30, 1957

ASSETS	
Cash on Hand and in Banks	\$ 237,331,300.08
United States Government Securities	333,814,973.08
State, Municipal and Other Securities	99,019,886.98
Stock of the Federal Reserve Bank	2,550,000.00
Loans and Discounts	763,902,677.85
Bank Premises	3,090,277.30
Other Real Estate	1.00
Other Assets	6,953,454.58
	\$1,446,662,570.87

LIABILITIES	
Capital Stock	\$ 20,000,000.00
Surplus	65,000,000.00
Undivided Profits	10,514,270.94
	Capital Funds \$ 95,514,270.94

DEPOSITS	
Commercial and Savings	\$1,292,404,788.33
Estates and Corporate Trust	46,108,645.64
	Total Deposits 1,338,513,433.97
Accrued Taxes, Interest, etc.	10,053,370.10
Other Liabilities	2,581,495.86
	\$1,446,662,570.87

United States Government Securities carried at \$123,871,143.70 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Valuation Reserves.

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Member: Federal Deposit Insurance Corporation

Federal Reserve System

Electronics

(CONTINUED FROM PAGE 49)

Q: Does the installation of the electronic equipment require that a bank use a system of account numbers for its checking accounts?

A: No, a numeric system is not required. However, there are many advantages of numerics in proof machine and manual sorting and the electronic features of the machine offer further important advantages in posting when a numeric system is used.

The First Wisconsin has been on numerics since 1950. Aside from wanting the conventional advantages of account storing numbers, we realized that numbers are the language of electronic equipment. Since we knew that eventually we would be installing a numbering system, we determined to make the step initially.

Q: What sorting number system do you use?

A: We use a modified alpha-numeric system. A First Wisconsin sorting number consists of three parts. As an example, the sorting number for Williard M. Kalaher looks like this:

41-436-112

Reading left to right in the example, note that it consists of (1) a primary sorting number to assist proof operators in determining type of account; (2) a secondary sorting number to aid distribution clerks in sorting checks to proper ledger; (3) a tertiary 3-digit number, the individual account number.

The third part of the number—in this example, 112—is the account number used in verifying account selection on the electronic equipment. The number is picked up by the bookkeeper from the check or deposit ticket, but the ledger sheet, which is filed in strict alphabetical order, must be located alphabetically.

Numbering systems are receiving a great deal of attention, and there are many details to be considered in installing such a system. Operations people should investigate the subject thoroughly. There is a great deal of technical information building up on it.

Q: Can you tell us how the ma-
(CONTINUED ON PAGE 144)

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STATEMENT OF CONDITION

ASSETS

CASH AND SECURITIES

	June 30, 1957	June 30, 1956
Cash and Due from Banks	\$ 232,334,737.45	\$ 260,231,087.75
United States Government Securities	324,627,232.94	363,112,783.23
State and Municipal Securities	86,084,178.11	83,993,304.78
Other Bonds and Securities	9,924,057.72	16,798,761.46
TOTAL	\$ 652,970,206.22	\$ 724,135,937.22

LOANS

Commercial Loans	\$ 359,487,022.12	\$ 311,211,220.62
Real Estate Loans	264,026,134.35	242,786,124.77
Automobile Installment Loans	92,783,821.57	95,079,348.49
Personal and Improvement Loans	62,260,588.45	48,762,080.05
	\$ 778,557,566.49	\$ 697,838,773.93
Less: Reserve for Possible Loan Losses	10,461,946.02	8,440,860.37
TOTAL	\$ 768,095,620.47	\$ 689,397,913.56

OTHER ASSETS

Accrued Income Receivable	\$ 5,006,587.81	\$ 4,962,818.73
Stock in Federal Reserve Bank	2,490,000.00	2,430,000.00
Bank Premises and Equipment	17,408,231.71	15,830,621.58
Other Real Estate Owned	8,613.68	12,604.00
Customers' Liability under Letters of Credit and Acceptances	15,536,660.26	13,991,878.00
Other Assets	5,982,181.15	1,419,732.95
TOTAL	\$ 46,432,274.61	\$ 38,647,655.26
TOTAL ASSETS	\$1,467,498,101.30	\$1,452,181,506.04

DEPOSITS

Demand Deposits	\$ 648,049,875.43	\$ 685,256,819.09
Time Deposits	537,980,267.91	490,698,124.47
United States Government Deposits	36,362,257.21	40,835,492.15
Other Public Deposits	106,847,599.38	102,113,090.84
TOTAL	\$1,329,239,999.93	\$1,318,903,526.55

OTHER LIABILITIES

Dividends Payable	\$ 1,209,990.00	\$ 1,160,100.00
Income Collected in Advance	11,440,429.46	10,862,767.99
Letters of Credit and Acceptances	15,536,660.26	13,991,878.00
Accrued Interest, Taxes, Other Expense	6,793,648.64	6,820,492.11
TOTAL	\$ 34,980,728.36	\$ 32,835,238.10

CAPITAL ACCOUNTS

Capital Stock	\$ 40,333,000.00	\$ 39,333,000.00
Surplus	42,667,000.00	41,667,000.00
Undivided Profits	20,277,373.01	19,442,741.39
TOTAL	\$ 103,277,373.01	\$ 100,442,741.39
TOTAL LIABILITIES	\$1,467,498,101.30	\$1,452,181,506.04

62 Offices in 40 Communities



On June 30, 1957, securities carried at \$215,255,141.19 were pledged to secure trust deposits, United States Government and other public deposits, as required by law. On June 30, 1956, securities so pledged amounted to \$229,132,338.30.

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After October 14, 1957, interest on these debentures will cease to accrue and they will no longer be convertible.

Copies of the notice of redemption and of a Prospectus relating to the stock of A.T.&T. into which these debentures are convertible may be obtained from the office of the Treasurer.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

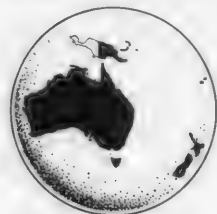


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The BANK for INFORMATION on AUSTRALIA

The United States Department of Commerce describes Australia as a country with a good potential and a good country in which to invest.

If you require industrial, economic, or market information



on Australia, you are invited to use the comprehensive facilities of the Bank of New South Wales, the oldest and largest commercial bank operating in Australia, New Zealand, Fiji, Papua and New Guinea, with over 1,000 branches and agencies.

BANK OF NEW SOUTH WALES

ESTABLISHED 1817

Head Office: Sydney, Australia

British and Foreign Department—John W. McEwen, Manager



Head Office, Sydney

(CONTINUED FROM PAGE 142)

chine verifies proper account selection?

A: The form is coated on the back with "magnetic memory strips." A comparator keyboard on the machine encodes the customer's account number—we call it his "electronic signature"—into the magnetic fields of the form. When the ledger sheet is drawn into the machine, the number indexed on the comparator keyboard by the operator is electronically compared with the number previously encoded. If it is not the correct account, the machine rejects the sheet. The machine becomes inoperative, and a signal light informs the operator that an incorrect form is in the machine.

Q: How does the machine pick up the old balance and the check count?

A: These figures are also encoded into the magnetic memory strips on the ledger sheet. The machine reads the figures electronically when the operator inserts the form. No manual operations are required of the operator other than touching the operating bar.

Q: How is a "stop-payment" controlled electronically?

A: Under conventional methods, there are numerous possibilities for error in connection with stop-payments. The machine provides control without depending on the human element. It works like this.

When a stop-payment order is received, the stop-payment clerk recodes the ledger sheet with a temporary code number which is also recorded on the stop-payment form. Thus, the next time an item is presented, the account number as read from the item will not agree with the temporary stop-payment number encoded electronically on the ledger sheet, and the sheet will be rejected. This means that all transactions on the account must be referred to a supervisor and thence to the stop-payment clerk—and the operator cannot inadvertently pay the item or exercise her own judgment.

Of course, when the stop-payment is released from the account, the sheet is quickly recoded with the original account sorting number, and posting can be accomplished as before.

(CONTINUED ON PAGE 146)

BANKING

WHICH ONE WORKS FOR YOU?



This is the embezzler and his second self. Nobody can tell the difference—*outwardly*. Yet both may be on your payroll. The Bankers Blanket Bond is the best protection against his EQ or EMBEZZLEMENT QUOTIENT and the resulting loss an honest face might mask. Have you seen the safeguards and checks in our *Portfolio of Protection for Banks*? Ask your Indemnity agent.



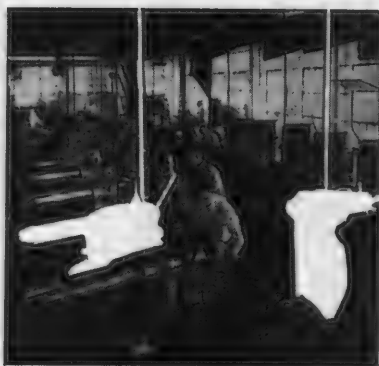
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you have®

INDEMNITY INSURANCE COMPANY OF

NORTH AMERICA

PHILADELPHIA

One of a group of companies which are headed by Insurance Company of North America, founded 1792.



American Appraisals eliminate "Ghosts" in property accounts

An American Appraisal original cost study and check of physical assets often reveal items of property disposed of, but not eliminated from property records — affecting costs, profits and taxes.

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THE BANK OF TOKYO, LTD.

★ HEAD OFFICE ★
 NIIHOMBASHI, TOKYO, JAPAN

(CONTINUED FROM PAGE 144)

Q: Do you feel that the one-run system—that is, one handling of the items—gives you the proof that you had in your old system?

A: We think it gives us better proof. Electronic verification of account selection and electronic pickup of old balances are two important reasons.

Q: How was the switch-over from the old equipment to the new?

A: We are in the process of making a gradual change-over and are switching one machine at a time. About one half of our accounts have been transferred without any particular difficulty.

I should mention that we prepared a procedures brief on the switch-over in advance. This is a refinement that we would recommend strongly, since it indoctrinates the operating people, and enables all concerned to plan details of the conversion.

It's terrible the way those careless drivers keep so close ahead of you.

You can win a lot of money at the race track if you're a horse.

It would be very nice if we could save up our problems for a brainy day.

The way to win friends and influence people is to give others your candied opinion.

If all the cars at a busy crossroads were laid end to end, some dumbbell would pull out and try to pass.

Occasionally you can make someone happy by just leaving him alone.

You can really mess up the traffic if you signal left and turn left.

Sometimes a business is so busy that the officers don't have time for long committee meetings.

This would be a pretty discouraging world if you couldn't get ahead of the Joneses occasionally.



There's a new trend in banking!

The FIRST NATIONAL CITY BANK of New York



Head Office: 55 Wall Street, New York

75 Offices
in Greater New York

71 Overseas Branches,
Offices, and Affiliates

Statement of Condition as of June 30, 1957

ASSETS

CASH, GOLD AND DUE FROM BANKS	\$1,843,930,533
UNITED STATES GOVERNMENT OBLIGATIONS	1,028,143,263
STATE AND MUNICIPAL SECURITIES	372,368,499
OTHER SECURITIES	108,470,561
LOANS AND DISCOUNTS	3,879,892,120
REAL ESTATE LOANS AND SECURITIES	25,444,752
CUSTOMERS' LIABILITY FOR ACCEPTANCES	104,098,954
STOCK IN FEDERAL RESERVE BANK	15,000,000
OWNERSHIP OF INTERNATIONAL BANKING CORPORATION	7,000,000
BANK PREMISES	34,887,751
OTHER ASSETS	14,909,543
Total	\$7,434,145,976

LIABILITIES

DEPOSITS	\$6,614,182,518
LIABILITY ON ACCEPTANCES AND BILLS	\$133,145,476
LESS: OWN ACCEPTANCES IN PORTFOLIO	26,775,818
DUE TO FOREIGN CENTRAL BANKS	28,825,600
<i>(In Foreign Currencies)</i>	
ITEMS IN TRANSIT WITH BRANCHES	18,536,607
RESERVES FOR:	
UNEARNED DISCOUNT AND OTHER UNEARNED INCOME	31,853,401
INTEREST, TAXES, OTHER ACCRUED EXPENSES, ETC.	51,468,941
DIVIDEND	6,900,000
CAPITAL	\$200,000,000
<i>(10,000,000 Shares—\$20 Par)</i>	
SURPLUS	300,000,000
UNDIVIDED PROFITS	76,009,251
Total	\$7,434,145,976

Figures of Overseas Branches are as of June 25.

\$508,273,868 of United States Government Obligations and \$33,664,700 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

Member Federal Deposit Insurance Corporation

Affiliate of The First National City Bank of New York for separate
administration of trust functions

CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$33,592,460

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Assistant to the Chairman

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GEORGE S. MOORE
Executive Vice-President

ALAN H. TEMPLE
Executive Vice-President

GEORGE A. GUERDAN
Vice-President and Cashier

Reserve Requirements

(CONTINUED FROM PAGE 43)

reasons for proposing it. The Commission believes that the Board should have ample authority to vary reserve percentages for demand deposits in order to cope with any future emergency. However, the present wide range of authority is unnecessary under present-day conditions. Today, even a small increase in the reserve percentages would have a very large effect on member bank reserves. For example, if the Board were to raise reserve requirements by only one percentage point, all member bank excess reserves would be eliminated and the member banks would have a very sizable reserve deficiency. Once the reserve ratios have been reduced to 10%, a leeway of two percentage points in either direction should be ample to handle any emergency that might arise.

Q—Would the plan have any effect on nonmember banks?

A—The Commission's program deals directly only with member banks of the Federal Reserve Sys-

tem. However, in the past, when changes were made in member bank reserve requirements, some states also changed their requirements for nonmember banks. It is likely, therefore, that the Commission's plan would lead to lower reserve requirements for nonmember banks in some states.

Inflationary?

Q—The Commission's plan contemplates the release of a very substantial quantity of reserves over a period of years. Wouldn't this be inflationary?

A—No member of the Economic Policy Commission would have voted to publish this plan if he had believed it would be inflationary. The A.B.A. is very mindful of the necessity for fighting inflation. It has given vigorous support to the monetary authorities in their anti-inflation efforts.

Now, as for the effect of the plan, remember that the bulk of the reserves that would be released will be needed to permit normal economic

growth. As the years go by, the economy will need more bank credit and money to support a rising volume of output and trade. This means that banks will need more reserves in order to increase their loans and investments, to back up the increase in their deposits, and to meet the currency needs of the public. One way to supply these reserves would be for the Federal to go out in the market and buy more Government securities. But the Commission feels that this would not be the best way. The best way would be to lower the reserve requirements.

Supplying additional reserves to meet normal growth needs is certainly not inflationary. It is something the Federal will have to do anyway, by one method or another, if our economy is not to be choked.

Now, of course, the Commission actually advocates going somewhat further than this by reducing reserve requirements somewhat faster than growth considerations dictate, if this proves to be feasible without interfering with monetary policy. The point is that, as reserves are released, the Federal can extinguish them by means of offsetting open-

(CONTINUED ON PAGE 150)

AUTHORITY

Knowing as much as there possibly is to know about a subject is the mark of authority.

Foremost Insurance Company actively pursues the status of "authority" in the field of mobile home insurance by devoting itself *exclusively* to the mobile home field. Rapid growth of mobile home population with a concurrent increase in its protection requisites indicates that such a concentration of effort is not only prudent but essential.

An intimate knowledge of every facet of the field is a primary essential for providing protection that is adequate in any exigency. Foremost has left no wheel unturned in pursuing an exhaustive knowledge of the mobile home field.

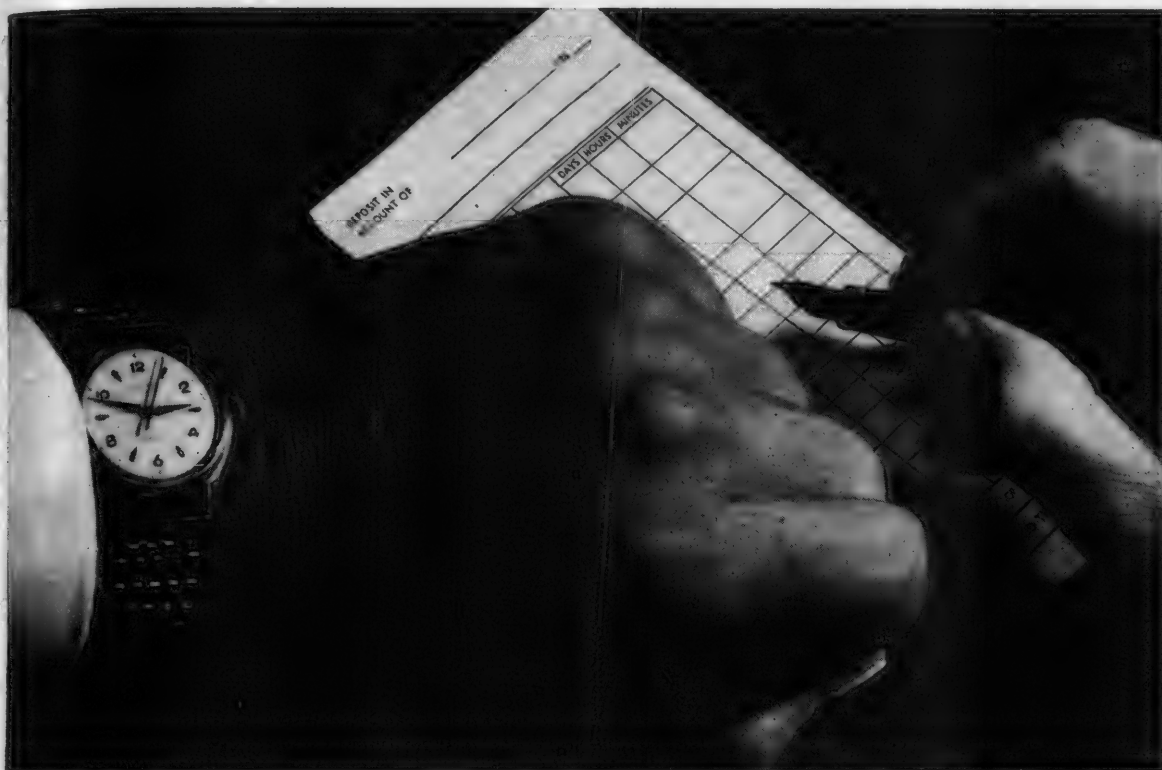
And Foremost is regularly represented in major national, regional and local mobile home organizations and activities, adding first-hand information to first-hand experience.

This wholehearted devotion to the people it serves — and consistent specialization in service to that field — gives Foremost the thorough familiarity and understanding required for qualification as the AUTHORITY in mobile home protection.

You will be glad to know that the Foremost Bank Services Department can be called upon for authoritative information pertinent and valuable in financing mobile homes. Write or call if you would like details about this service, too.



Foremost Insurance Company
67 Barclay, N.E., Grand Rapids 3, Michigan



"TIME IS MONEY"...

TOO BAD YOU CAN'T BANK IT!

We've heard of many a request to a bank for "just a little more time" . . . but that's in relation to payments. The "time" we refer to is the time it takes to do things . . . time to work in.

Frankly, many of our correspondents come to Mellon Bank for just that. We render a number of services to correspondents that save time for them.

Take investment portfolio analysis, for instance. Now, there isn't a single banker among our correspondents who isn't, in some degree, a qualified expert on investments. In most cases, if he could only find the time, there isn't any reason why his analysis of his own bank portfolio shouldn't stand with the best. But there are so many facets to be checked, and they all take time. Is there a new opportunity that has opened since the last review? Could you now move to a more favorable tax basis? Have changing business conditions left the balance

good, or overburdened in any category?

With the scope of problems like this that continually confront Mellon Bank, our staff of experts has a full-time job keeping informed. It doesn't take extra time for them to check out changing conditions and newest developments. The breadth of this experience, applied to your specific problems, can be a very valuable time-saver for you.

But time really isn't the most important consideration . . . it's merely one of the advantages. Most important of all is the objectivity our staff can bring. Just as one doctor prescribes for another, or one lawyer can advise another . . . one investment specialist can often assist another to advantage. The success of this service is not only measured by the amount of time and money it has saved for our correspondents, but also by the lasting friendships it has made.

MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH

CAPITAL \$80,100,000

SURPLUS \$180,000,000

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

SPECIALIZATION

**...in the One Field
of Credit Life**

**Insurance
Since 1925**

Licensed in
all 48 States,
D.C. and Hawaii
with Regional
Service
Offices
Coast
to Coast



Do Your

Directors

Read

BANKING?

(CONTINUED FROM PAGE 148)

market operation. For example, if \$1-billion of reserves were released today, and only half of this amount were needed for normal growth purposes, the Federal could absorb the other half by selling \$500,000,000 of Government securities in the open market.

Another important point is that the Federal would have complete discretion with respect to the nature and timing of the steps taken to carry out the plan. If, at any time, the Board felt that reductions in reserve requirements would be undesirable, it could simply postpone them. At other times the Board might decide to speed up reductions. The Reserve authorities would never be under any compulsion to reduce requirements when they think it might be unsafe to do so.

In short, there is no reason whatever to assume that adoption of the A.B.A. plan would result in any greater expansion of the money supply than would occur if reserve requirements were to be kept at their present high levels.

Q—If the plan were adopted, what do you think the results would be?

A—By achieving eventual reduction in reserve requirements, the program would promote greater banking flexibility and would help the banks meet the gradually rising credit needs of a growing economy. Lower reserve requirements, handled in the manner suggested by the Commission, could be accomplished without interference with monetary policy, and would be beneficial for the entire economy. Lower requirements would also remove one of the obstacles to membership in the Federal Reserve System and would thus tend to strengthen the System.

At the same time, if the plan were adopted, the whole reserve set-up would be shifted to a more equitable and workable basis. This would make the reserve mechanism more efficient as a credit-control device and would help the Federal Reserve carry out its responsibilities.

The Commission therefore believes that the accomplishment of its program would result in a major improvement in the American banking system.

(Reprints of this interview are available on request without charge.)

FACTUAL Appraisals

for every valuation need

- Insurance — coverage and proof of loss.
- Property, cost and general accounting.
- Corporation finance.
- Legal requirements.
- Purchase or sale.
- Reorganization, merger or consolidation.

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LLOYD-THOMAS**

RECOGNIZED APPRAISAL AUTHORITIES CO.

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\$6.00 in USA, \$6.50 elsewhere*

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DO YOU NEED—

**imitation leather or plastic
commercial passbooks and
pocket check cases**

Samples and Prices on Request

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio

Market Research

(CONTINUED FROM PAGE 45)

come from the United States Department of Commerce, state agencies, and various private and municipal agencies in Cincinnati.

We make heavy use of census tract data for Cincinnati and Hamilton County, which is published after each decennial census for 62 large cities. Most cities of 50,000 or more will be tracted by the time of the 1960 Census. Census tracts are small areas having a population of between 3,000 and 6,000, into which large cities have been divided for statistical purposes. Each tract is designed to include an area fairly homogeneous in population characteristics. Obviously, the census tract is an invaluable tool for intensive study of small segments of the market.

Mention has been made of our studies of the geographical distribution of the bank's customers. We have developed a census tract street directory which enable us in a moment to find out the census tract location of any customer for whom we have an address. It is clear that, without our tract directory, it would be impossible to study the geographical distribution of, say, 5,000 savings account customers in our 110 city tracts and 44 county tracts. So, in our tract directory, we have an extremely valuable tool for speedy, economical handling of certain phases of our research.

A Small Budget

It may be of interest to the reader to have a price tag placed on the research "tools" we buy from Federal, state, and municipal agencies. Some of the reports are free and others are sold at nominal prices. As far as our research library of primary sources is concerned, a budget of \$25 a year easily meets our buying needs.

If, as I have tried to show, market research can be carried on effectively and practically at modest cost, it would be misleading not to comment on what must be called, for want of another word, a certain "waste" aspect.

Banks, markets, and cities are different. Each research department must take into account the peculiarities of its own research problems and its community. In the initial

Recent years have witnessed a spectacular growth in almost every phase of Canada's economy, notably in manufacturing which today produces a wide and diversified range of industrial and consumer products.

manufacturing is
DIVERSIFIED
in Canada

...so are the services of Canada's largest bank

When your customers wish to explore business opportunities in Canada you will do well to consult the Royal Bank. We offer many services, far beyond the realm of routine banking. For example, we maintain an up-to-date list of desirable factory sites, can assist in developing reliable trade connections, and have on hand or can obtain quickly a wealth of factual information on labor, power, transportation, markets and related topics as they apply to every section of the country. For information on these and other special services, get in touch with our Business Development Department at Head Office, Montreal.

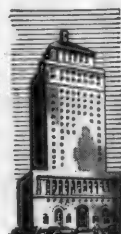
THE ROYAL BANK OF CANADA

Head Office: Montreal

New York Agency—68 William Street, New York 5, N. Y.

Over 890 branches in Canada, West Indies, Central and South America. Offices in New York, London and Paris. Correspondents the world over.

Total Assets Exceed 3½ Billion Dollars



stages of operation, the research man will have to learn the hard way —by trial and error. Inevitably, this entails "waste" work, yet he will find that in market research it is just as important to know what one cannot do as it is to know what one can do.

It seems to me that the subject of profit is inseparable from cost in market research, and it merits, I believe, some comments.

Market research can be a cost-reducing element in advertising. For example, direct mail is considered to be an expensive advertising medium, and it is—if used carelessly on a "shot-gun, hope-to-get-a-hit" basis. But when a market research study will show you where your best prospect markets for a particular service are located, when it will tell you the seasonal "buying" trends for that service, when it will give you the qualitative characteristics of your prospective buyers — then

you can reduce your direct mail advertising costs substantially. You may find that 25,000 direct mail pieces selectively placed are more productive than 100,000 pieces mailed at random.

Again, why advertise a particular service on a 12-month basis when market research tells you that it has such a well defined, seasonal trend that a 4-month advertising period will accomplish as much as an expenditure for 12 months?

One Source of Prospects

Because of today's high prices, the modest-income family purchasing a new home is compelled to buy one that is barren of many of the conveniences and luxuries of more expensive houses. A continued study of this group of consumers might point the way to profitable home improvement loans.

It is frequently said that safe deposit box customers are new business

feeders for other departments. Are you sure of that? A market research study might indicate that the safe deposit box is the last service used and that, in reality, your checking and savings departments are feeders for the safe deposit department. Would not such information have real dollar-and-cents value in promoting the sale of boxes?

Markets for bank services are fluid. They change. Through continuous study of your markets you can change with them, adjusting your advertising and new business policies to your changing markets.

In my opinion, a market research department, carefully organized and operated, can justify its existence as a contributor to profits.

By way of conclusion, I would like to mention an indirect but worthwhile by-product of market research. I do not believe that any bank can undertake systematic market research without accumulating a wealth of nonconfidential information that can be quite useful to its customers. By continuous study of every facet of its local market, shifts of population, business and industry, growth of new areas, decline of old ones, it will acquire a fund of specialized knowledge that can be called upon by its customers for a wide variety of their marketing operations. In our work we have, over the years, become acquainted with almost every information source in the state, county, and city. To be able to channel a customer inquiry (if we lack the information) to the proper source, can, in itself, generate much good will for the bank.

Market research need not be expensive if properly planned and conducted. We have found this true. More than that, we have found it profitable.

With television, radio, and phonographs the American family is more sound than ever.

Sometimes a go-getter is sorry he gotter.

It's all right for a girl to look for a model husband, but she should try for a working model.

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you
need**

**precision-made
machine and
hand posting
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Five Months of
BANKING'S NEWSLETTER
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84 THIRD ST., N. W., ATLANTA, GEORGIA

Gentlemen: Please send me further information, catalog and prices. I understand there is no obligation on my part.

Name _____
Address _____
City _____ State _____

Methods and Ideas

(CONTINUED FROM PAGE 51)

works out best for the bank that has an immediate program with older employees and is willing to assume a fixed expense. Panel speakers were PAUL E. SARGENT, president, Peoples State Bank, McPherson, and C. N. HOFFMAN, JR., vice-president, National Bank of America, Salina.

Municipals. Municipal bonds are a "very satisfactory" investment for banks in the 52% tax bracket. These securities are now offering the highest yields in about 20 years.—H. A. FUNKE, general vice-president, Fourth National Bank, Wichita.

Governments. Interest rates may go even higher. Thus bond prices will do well to hold their own and probably will go somewhat lower.—JAMES H. CLARKE, vice-president, American National Bank, Chicago.

* * *

THE First National City Bank of New York has installed the first of 11 electronic bookkeeping machines for its Fifth Avenue and 51st Street office.

At the National Bank in Washington, D. C., electric staplers have replaced the manual kind in the bookkeeping department.

A SYMPOSIUM on procedural microfilming, held in New York, reviewed new techniques in clerical cost control. Sponsor was Diebold Incorporated.

New Training Booklet

THE National Association of Bank Auditors and Comptrollers has a new booklet, "Working Together," designed to acquaint new employees with banking and to supplement banks' training programs.

Several pages contain employee policies and other information pertaining to the individual bank. These are intended only to suggest format, and following each is a page on which may be entered information pertaining to the bank.

A condensed statement of condition, with each item explained, is included, and there is space for each bank to insert its own figures. Bank operations and departments are described. Other features are a banking bibliography and a glossary.



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48-page reprint

"A BANK DIRECTOR'S JOB"

- TIMELY INFORMATION
- PRINTED IN TWO COLORS
- SIZE, 6" x 9"
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PER COPY

This is the attractively-printed booklet consisting of Herbert Bratter's 14 directors articles that inspired so much interest and comment when they appeared in recent issues of **BANKING**. All fourteen embrace just about every facet of director interest and tell in a straight-to-the-point, simple manner how board directors can best serve banks.

Make sure of receiving a copy for each of your directors (officers too). Supply is limited, so place your order NOW. All you need do is drop us a line on your bank's letterhead.

BANKING AMERICAN BANKERS ASSOCIATION
12 EAST 36th ST., NEW YORK 16, N. Y.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition June 30, 1957

(Figures of Overseas Branches are as of June 24, 1957)

RESOURCES

Cash and Due from Banks	\$ 1,558,367,435.78
United States Government Securities and Securities Guaranteed by the Government	1,803,469,268.11
Federal Agency Securities	96,410,491.90
State, County, and Municipal Securities	611,733,381.99
Other Securities	106,986,504.84
Loans Guaranteed or Insured by the United States Government or its Agencies	1,399,558,306.55
Other Loans and Discounts	3,952,040,536.86
Bank Premises, Fixtures, etc.	106,668,170.86
Customers' Liability on Letters of Credit, etc.	338,287,889.34
Accrued Interest and Other Resources	54,757,432.31
TOTAL RESOURCES	\$10,028,279,418.54

LIABILITIES

Capital	\$160,000,000.00
Surplus	290,000,000.00
Undivided Profits and Reserves	122,602,516.31
TOTAL CAPITAL FUNDS	\$ 572,602,516.31
Reserve for Possible Loan Losses	83,806,828.65
DEPOSITS {Demand \$4,338,803,917.48}	8,937,226,893.94
{Savings and Time \$4,598,422,976.46}	
Liability for Letters of Credit, etc.	338,338,769.13
Reserve for Interest, Taxes, etc.	96,304,410.51
TOTAL LIABILITIES	\$10,028,279,418.54

Main Offices in the two Reserve Cities of California

SAN FRANCISCO • LOS ANGELES

Branches throughout California

Overseas branches: London, Manila, Tokyo, Yokohama, Kobe, Osaka, Bangkok, Guam

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

Bank of America

(International)

A wholly-owned subsidiary

Condensed Statement of Condition June 30, 1957

Home Office—New York, N.Y. Branches: Duesseldorf • Singapore • Paris • Beirut
(Branch figures are as of June 24, 1957)

RESOURCES

Cash and Due from Banks	\$170,042,063.92
United States Government Obligations	9,964,288.51
Other Securities	4,310,492.76
Loans and Discounts	131,205,715.41
Customers' Liability on Letters of Credit, etc.	171,562,901.79
Accrued Interest and Other Resources	2,300,033.74
TOTAL RESOURCES	\$489,385,496.13

LIABILITIES

Capital	\$13,000,000.00
Surplus	6,000,000.00
Undivided Profits	2,028,929.40
TOTAL CAPITAL FUNDS	\$ 21,028,929.40
Reserve for Possible Loan Losses	1,624,867.64
Deposits	289,725,206.71
Liability for Letters of Credit, etc.	174,567,316.93
Reserve for Interest, Taxes, etc.	2,439,175.45
TOTAL LIABILITIES	\$489,385,496.13

*For Impressive
Beauty and Dignity*
**BANK SIGNS in
BRONZE or ALUMINUM**

THE
**CHASE
MANHATTAN
BANK**

Your bank's name in tasteful and enduring bronze or aluminum is a prestige-building ambassador. Names of your personnel on desk plates of impressive metal add dignity, too.



**DESK
NAMEPLATES**

INDIVIDUAL LETTERS
IN ALL SIZES, METAL OR PLASTIC, provide ideal permanent signs for both inside and outside your building. For finest metal signs, desk plates in metal and plastic, and display cases at most economical prices, write for our newest complete catalog today!

FRANK J. BRADFORD
VICE PRESIDENT

2" x 10" one line of copy, \$7.50
2 1/2" x 10" two lines of copy, \$9.00
on bronze easel — other styles available

"Bronze Tablet Headquarters"

UNITED STATES BRONZE SIGN CO., INC.
570 B'way, Dept. B, New York 12, N. Y.

MIT

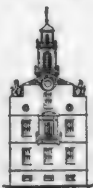
Dividend Announcement

**Massachusetts
Investors
Trust**

DECLARES ITS

131st Consecutive Dividend

10 cents a share,
from net income,
payable July 25
to shareholders of
record June 28,
1957.



ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston

Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM ENLINE, INC.
1270 Ontario Street • Cleveland 13, Ohio

NEW BOOKS

TEN COMMANDMENTS FOR WRITING LETTERS THAT GET RESULTS. By John P. Riebel and Donald R. Roberts. Printers' Ink Books, Pleasantville, N. Y. 184 pp. \$6. This book is based on the C's of letter writing: "clearness, correctness, completeness, conciseness, courtesy, consideration, cheerfulness, conviction, conversationalness, and cleverness." Many sample letters are offered, and there are numerous nominations for an epistolary "Hall of Fame."

WRITTEN COMMUNICATIONS IN BUSINESS. By Robert L. Shurter. McGraw-Hill Book Company, New York. 490 pp. \$6. For college students and business people, this volume covers the major principles of written communication, analyzes the most widely used forms of business writing, and discusses skills of dictation and reading. There's a special reference section on parts of speech, the sentence, punctuation, and mechanics.

COMMERCIAL CREDIT AND COLLECTION PRACTICE. By Watrous H. Irons and Douglas H. Bellemore. Ronald Press, New York. 784 pp. \$6.75. Second edition of a comprehensive text, revised in line with current practice and legal requirements. Mr. Irons is president of the Federal Reserve Bank of Dallas; Mr. Bellemore is professor of finance at New York University.

LIFE INSURANCE. By Joseph B. Maclean. McGraw-Hill Book Company, New York. 558 pp. Describes and explains the principles of life insurance and the practical procedures followed by its furnishers. Eighth edition.

ALLOCATION OF COMMERCIAL BANK FUNDS. By H. E. Zarker. Bankers Publishing Company, Boston. 56 pp. \$6. A revised edition of a book first appearing in 1942. The author, vice-president of the Princeton (N.J.) Bank & Trust Company, explains in detail how to meet the problem of investing banks' own funds and those of their depositors so as to combine liquidity with adequate, consistent net profit.

**Take Another Look
at
Arizona Banking**

**Now
41* Offices
Throughout
Arizona**

*Our Casa Grande Office
Opened June 1

Home Office
Phoenix, Arizona

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NATIONAL
BANK OF ARIZONA**

Arizona's Oldest National Bank
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



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1890

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Tables*

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AND LOAN INSTITUTIONS
BUSINESS & INDUSTRY

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- Personal Loan and Amortization Tables
- Payroll and Tax Charts
- Special Purpose Charts

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Accounting Systems Inc.

222 Madison Ave. • St. Louis 17, Mo.



Burroughs 3-Total Teller's Machines

*save more time for bank, teller, customer;
give all three more protection*

NOTHING LIKE THEM FOR SPEED. Nothing like them for complete mechanical receipting, validating and dual in-and-out cash control. Nothing like them, either, for the convenience of extra features such as deposit accumulation and miscellaneous listing.

They're the Burroughs 3-Total Teller's Machines, in five moderately priced models. Compact, smart looking, too.

At the teller's window, one simple operation prints all transaction data on the deposit receipt (makes any number of duplicates). And the customer's on his way.

Meanwhile, the teller taps a key to repeat the identical data on the deposit slip *and* on the locked audit journal. Customer and teller save time. Customer's and bank's records *must* agree. No chance for illegible or altered figures. Another lock permits bank to control cash received.

Detail journal makes balancing out at any time a simple matter of counting cash. Control lock protects teller against unauthorized use of machine.

For a close-up of the new speed, accuracy and protection the Burroughs 3-Total Teller's Machine can bring to your day-to-day banking operations, call our nearest branch office. Or write Burroughs Corporation, Detroit 32, Michigan.



Model with movable carriage lets teller do miscellaneous figuring jobs right on the spot without printing on locked-in journal. Both models permit miscellaneous figuring without disturbing cash figures.

WHEREVER THERE'S BANKING THERE'S



"Burroughs"—Reg. TM.

How One County Handles Advertising Practices

SOME months ago the board of trustees of the Bergen County Bankers Association appointed a committee composed of five past presidents of the association to study various advertising practices followed in the area served by the BCBA. This committee has concluded its researches and has unanimously made certain recommendations, as follows:

(1) Territorial Limitations:

Since the banks out of the county in some instances regularly, and in other instances occasionally, advertise in the established Bergen County media, and since the habits of the public in moving about broaden territorial limitations, the normal trading area of banks generally has been expanded beyond their own so-called neighborhoods. Thus, the established available advertising media, specifically newspapers, usually cover more than one community. It was agreed that it would be practically impossible to establish boundaries which might generally be accepted as the trading area of a bank. The committee does not agree that member banks should be restricted and limited to advertising, or use billboard facilities confined strictly to the community which it serves. Such a restriction could be more of a hardship, since, we could not restrict banks or other competitors out of the country.

(2) Advertising standards:

It recommended the adoption of advertising standards for savings or thrift institutions in accordance with the suggested procedure of the Association of Better Business Bureaus, Inc. The committee believes that adherence to these standards will cover practically all of the criticism that might be raised toward any member bank.

(3) Other Advertising Media:

The committee reviewed an earlier resolution which reads as follows:

RESOLVED: That member banks will not advertise in programs, baseball score cards, entertainment announcements, cook books or a like class of publication, and will confine their advertising to newspapers accredited to publish legal notices, radio, television, commercial theatre

programs, and their own publication booklets, etc., was of the opinion that this resolution is sufficient and reaffirmed it as it stands. Copies will be prepared on a suitable card and furnished to each officer of all member banks.

(4) Standing Committee On Advertising Practices:

The committee recommended the appointment of a standing committee,

to be known as the Committee on Advertising Practices of the Bergen County Bankers Association. Any and all complaints, activities, and actions of member banks and others, which, in the opinion of any individual, organization, or member bank, may be in violation of ethical standards of advertising and promotion would be referred to it. It further recommended that this committee be charged with the respon-



THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

STATEMENT OF CONDITION AT CLOSE OF BUSINESS
JUNE 6, 1957

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 69,038,577.94
UNITED STATES GOVERNMENT SECURITIES.....	56,573,582.84
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	10,753,034.96
OTHER BONDS, NOTES AND DEBENTURES.....	1,243,604.20
STOCK FEDERAL RESERVE BANK.....	510,000.00
LOANS AND DISCOUNTS.....	119,775,612.66
INCOME EARNED—UNCOLLECTED.....	785,258.09
BANKING HOUSE AND GARAGE PROPERTY.....	3,765,333.16
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	767,131.25
OTHER RESOURCES.....	150,607.57
TOTAL.....	\$263,362,744.67

LIABILITIES

CAPITAL ACCOUNTS:	
COMMON STOCK.....	\$ 8,500,000.00
SURPLUS.....	8,500,000.00
UNDIVIDED PROFITS.....	2,732,205.81
RESERVE FOR CONTINGENCIES.....	3,272,657.78
RESERVE FOR DIVIDEND DECLARED.....	212,500.00
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	300,249.93
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	1,065,354.10
LETTERS OF CREDIT ISSUED.....	767,131.25
INCOME COLLECTED—UNEARNED.....	1,230,375.68
DEPOSITS:	
INDIVIDUAL.....	\$183,491,713.74
BANK.....	38,320,023.41
U. S. GOVERNMENT.....	2,504,221.73
OTHER PUBLIC FUNDS.....	12,466,311.24
TOTAL.....	\$263,362,744.67

U. S. Government and other securities carried at \$37,334,040.67 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



sibility of carefully investigating and studying such complaints and then reporting their findings in detail to the board of trustees. If, in the opinion of the board of trustees, the offending member should be put on notice by the association, it would be the responsibility of the committee to visit such member and attempt to correct any abuses. In the event a member is charged with a violation and refuses to comply with the suggestions of the committee, it

would be the committee's responsibility to report to the board of trustees for whatever action it deems suitable.

Love makes the world go around, but so does a good swallow of hot mustard.

One good thing about a dull party is that you get home and to bed on time.

25 U. S. and Mexican Banks Joined A.B.A. in June, Reports Chairman F. W. Thomas

TWENTY-FIVE banks and branches in 10 states and Mexico joined the American Bankers Association during June, according to Frank W. Thomas, chairman of the Association's Organization Committee. Mr. Thomas is president, Washington Loan & Banking Company, Washington, Ga. The new members are:

CALIFORNIA: First Western Bank & Trust Company—Azusa-Glendorra Office, Azusa*, and Crescent City

Office, Crescent City*; Hongkong & Shanghai Banking Corporation of California, Los Angeles Branch; California Bank, Ontario Office*; First National Bank of San Jose, Civic Center Office*, and Bank of California N.A., Santa Rosa Office.*

FLORIDA: Citizens Bank of Broward County, Hollywood*, and Florida National Bank at Vero Beach*.

GEORGIA: National Bank of Fort Benning.*

MASSACHUSETTS: Middlesex County National Bank, Melrose Office*, and Industrial City Bank & Banking Company, Worcester.

OREGON: Bank of Portland.

PENNSYLVANIA: Stroudsburg Security Trust Company, West End Branch, Brodheads ville*, and First National Bank of Erie, Airport Office.*

SOUTH CAROLINA: Citizens State Bank, Bennettsville; Chesnee State Bank; Bank of Greeleyville; Bank of Commerce, Prosperity; and Woodruff State Bank.

TEXAS: Lockwood National Bank of Houston.*

VIRGINIA: National Bank of Commerce, Tidewater Drive Office, Norfolk.*

WASHINGTON: National Bank of Commerce of Seattle, Moses Lake Branch*; National Bank of Washington—Mabton Branch, Mabton*, and Villa Plaza—Lakewood Branch, Tacoma.*

MEXICO: Banco Comercial Mexicano, S.A., Mexico City Office.

* Recently organized.

BANKING'S ADVERTISERS

August 1957

Acacia Mutual Life Insurance Company	130	Columbia-Geneva Steel Company	32	Gerrard Steel Strapping Company	32	Pease Woodwork Company ..	10
Allison Coupon Company, Inc. ..	11	Commerce Clearing House, Inc. ..	97	Guaranty Trust Company of New York	131	Peoples-First National Bank & Trust Company	24
American Appraisal Company, The	146	Commerce Trust Company	128			Pittsburgh Plate Glass Company	81
American Bridge Company	32	Consolidated Western Steel Company	32	Hammermill Paper Company ..	99	Policy Holders' Service Bureau ..	12
American Cancer Society	137	Continental Illinois National Bank & Trust Company	121	Hanover Bank, The	129	Radio Engineering Company ..	31
American Equitable Corporation	20	Credit Life Agency	134	Hauserman Company, The E. F. ..	25	Recordak Corporation (Subsidiary of Eastman Kodak Company)	57
American Express Company	130	Credit Life Insurance Company, The	150	Home Insurance Company, The ..	114	Remington Rand (Division of Sperry Rand Corporation) ..	64
American Steel & Wire and Cyclone Fence Division	32	Crocker-Anglo National Bank ..	143	Industrial Bank of Japan, Ltd., The	23	Republic National Bank of Dallas	135
American Telephone and Telegraph Company	144	Curtis-Wright Corporation	30	Insurance Company of North America	145	Royal Bank of Canada, The ..	151
American Trust Company, San Francisco	119	Delbridge Calculating Systems, Inc.	155	International Business Machines Corporation	11		
Banco Comercial Antioqueno ..	124	DeLuxe Check Printers, Inc.	123	Irrving Trust Company	133	Scripts, Inc.—ADGIF Division ..	14
Banco de Bogota	120	Detroit Bank and Trust Company, The	7	LaMonte & Son, George	4	Seudder, Stevens & Clark, Inc. ..	120
Bank Building and Equipment Corporation of America	8, 9	Diebold, Incorporated	29	Lathem Time Recorder Company, Inc.	152	Seattle-First National Bank ..	98
Bankers Security Life Insurance Society	116	Exline, Inc., William	142, 150, 152, 155	LeFebvre Corporation	6	Security-First National Bank of Los Angeles	136
BANKING	146, 153			Lloyd-Thomas Company, The ..	150	Society for Savings in the City of Cleveland	138
Bank of America N. T. & S. A., San Francisco	154	Federal Life & Casualty Company	2	Lockheed Aircraft Corporation	16, 17	Society National Bank of Cleveland	139
Bank of California, The	117	Fifth Third Union Trust Company	94	Manufacturers Trust Company ..	91	Swingline, Inc.	1
Bank of Montreal	124	Firesman's Fund Insurance Company	126	Massachusetts Investors Trust ..	155		
Bank of New South Wales	144	First Boston Corporation, The ..	88	McGraw-Hill Publishing Company, Inc.	93	Tennessee Coal & Iron Company ..	32
Bank of Nova Scotia, The	22	First City National Bank of Houston	127	Mellon National Bank and Trust Company	149	Tension Envelope Corporation ..	23
Bank of Tokyo, Ltd., The	146	First National Bank of Arizona ..	155	Michigan National Bank	125		
Brandt Automatic Cashier Company	85	First National Bank of Atlanta, The	21	Mitsubishi Bank, Ltd., The	123	Union Pacific Railroad	87
Burroughs Corporation	112, 113, 156	First National Bank of Chicago, The	141	Morris Company, Bert M.	140	Union Supply Company	32
		First National Bank in Dallas ..	15	National Cash Register Company, The	95	United Air Lines	132
Celotex Corporation, The	159	First National Bank of Minneapolis	31	National City Bank of Cleveland	23	United Film Service, Inc.	89
Central National Insurance Companies	63	First National City Bank of New York, The	147	National Homes Corporation ..	122	United States Bronze Sign Company, Inc.	155
Central-Penn National Bank ..	6	Fish Service Corporation	113	National Tube Company	32	United States Steel Corporation of New Jersey	32
Chase Manhattan Bank, The	115	Foremost Insurance Company ..	148	Oil Well Supply Company	32	United States Steel Export Company	32
Christmas Club A Corporation ..	19	Fort Worth National Bank, The ..	157	Old Republic Life Insurance Company	27	United States Steel Products Company	32
Chubb & Son	59	Friden Calculating Machine Company, Inc.	61			United States Steel Supply Company	32
Citizens National Trust & Savings Bank of Los Angeles ..	134					Universal Atlas Cement Company	32
Cleveland Trust Company	142						



New Lighting Beauty, New Sound Conditioning Comfort, for Modern Bank Interiors

Acousti-Celotex Sound Conditioning Tile and Acousti-Lux Translucent Panels make a dual contribution to the improved operation of a bank. The sound-absorbing tile brings quiet dignity that impresses customers, helps step up personnel efficiency and morale. Non-directional lighting diffused

through the handsome translucent panels is uniform, glareless, and shadow-free. This effective light- and sound-conditioning ceiling combination is as attractive to depositors as it is beneficial to bank employees.

Mail Coupon Today for a *free analysis* of the acoustical problems in your bank, plus free booklet.

Farmers & Merchants Bank, Hagerstown, Maryland, showing combination ceiling installation of Acousti-Celotex Celotex® Fused Mineral Fiber Tile and Acousti-Lux® Translucent Panels.
Acousti-Celotex Contractor: The Hampshire Corp.

*REG. U. S. PAT. OFF.
U. S. PAT. NOS. 2,218,992 &
2,710,335



ACOUSTI-CELOTEX

REGISTERED

U. S. PAT. OFF.

Sound Conditioning

Products to Meet Every Sound Conditioning Problem... Every Building Code—The Celotex Corporation,
120 S. LaSalle St., Chicago 3, Illinois • In Canada: Dominion Sound Equipments, Ltd., Montreal, Quebec

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120 South La Salle Street, Chicago 3, Illinois

Without cost or obligation, please send me the Acousti-Celotex Sound Conditioning Survey Chart, and your booklet, "Sound Conditioning in Banks."

Name Title

Bank

Address

City Zone State

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

money for expansion, the country faces an indefinite period of refinancing the Treasury's huge requirements at increasingly frequent intervals. Fully \$67-billion of Government debt is due for refinancing in the next 12 months. At the same time, redemptions of E, F, and G bonds, which, in effect, are demand obligations, exceeded sales by a wide margin.

The head-on competition between the requirements of Government and needs of business means continued monetary stringency, and that, in turn, means an unpredictable period of political maneuvering which cannot do politics or business any good.

In the midst of this situation the Treasury is having a shift in top command, but fortunately few regard this as a cause for worry.

Pressure for Easier Credit

The great danger is that political pressure for easier credit will succeed to some extent and give the economy an inflationary momentum that would be impossible to stop.

At the moment, consumer prices are still edging upward. One Government economist says this will continue because a great many people like gradually rising prices. They feel such a trend takes care of so many problems like gradually rising wages.

While many see this as creeping inflation, others say it is merely a case of retail prices catching up with the bulge in wholesale prices which preceded it. Those who hold the latter view foresee prices generally leveling off, the bond market bottoming out, and money rates easing a little.

The level of interest rates in the weeks and months to come will, of course, be the determining factor in the over-all banking outlook. The pressure for credit expansion is great. Much private and public building has been neglected in the past, and industry needs more and more funds to keep up with expanding technocracy. To all this must be added continuing inflation, which is primarily caused by the wage-price spirals which cannot be controlled by monetary policy.

There are some signs that savings and investment demands are coming into better balance. There are also a few scattered indications that the capital boom is getting tired. Still, as long as prices and wages continue upward, industry will be willing to pay the higher interest costs in order to build now rather than wait a year or so when costs will be higher.

An element which cannot be ignored in the long-range outlook is the new labor contracts in major industries which provide for automatic wage increases every year. These are invariably followed by price increases with chain reactions throughout the economy.

Wages Unrelated to Productivity

It has been the history of the American mass production society that a relationship exists between productivity and the ability to pay wages. The pioneers in industry raised wages when their productivity had in-

creased. This is no longer true. Nowadays, wages go up and very few people inquire whether such moves are supportable by productivity. There is a growing feeling that productivity is lagging behind wages and in many instances has been unable to catch up. It is one of the basic reasons for the inflation of our times.

Another is the huge proportion of the budget which must be spent for defense—that is to say, uneconomic and unproductive purposes. This is dissipating productivity and wealth, even though it may have indirect beneficial effects. Scientific discoveries such as the splitting of the atom have revolutionized theories and thinking about future power and energy supplies far beyond the span of this generation. Inflation, some say, is part of the price which has to be paid for such progress.

People are buying fewer automobiles but more expensive ones, just as in housing and home equipment. In the banking survey mentioned above, a few industries, notably tobacco and textiles, were singled out as facing special problems, but the economy everywhere has become so diversified that the good and bad balance out to a broadly favorable prospect.

Another possible cause of uncertainty not directly related to the national fiscal problem is the widely unfavorable reaction to the recent tenor and direction of Supreme Court decisions.

Enough words explaining the Constitution have come from the tribunal recently to write a hundred constitutions. One thing seems reasonably sure: the authors of the Constitution did not intend to put anything in the document that would protect those who are dedicated to destroying it. The uncertainty that may be ascribed to the Court's decisions is not so much the result of the decisions themselves as the apparent difficulty even trained legal minds are having in understanding what the avalanche of words means.

As Raymond Moley stated in a recent issue of *Newsweek*:

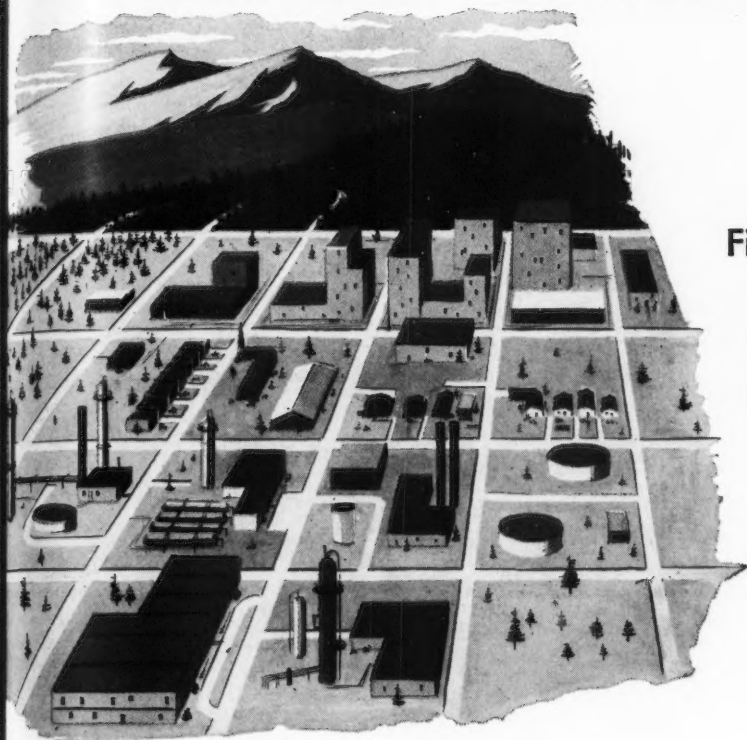
"A minority of the present Court, consisting of Justices Brennan, Black, Douglas, and Chief Justice Warren, presumed to make revolutionary judgments which, if not corrected by legislation or by the Court itself, will becloud the business world and also render impotent the most admired and efficient agency of the Federal Government, the FBI."

For healthy business life and sound planning the first essential is a firm foundation of law on which to build. Just where some of the recent decisions will lead is hard to say. For example, at the very moment in history when the executive branch was saying that the communist danger abroad was so great that even a small cut in the defense budget would threaten national security, the judicial branch says this danger is so small that our home-grown communists can be turned loose to resume their work. Other decisions added greatly to the difficulties of the Department of Justice and the FBI in fighting the cold war on the home front.

Time and Congress may clear up this historical inconsistency between the executive and judicial branches, but there is a question as to how much time we have. Meanwhile the picture is one of intellectual, economic, and legal confusion on the question of communism and what to do about it.

WILLIAM R. KUHN

how Fish Service Corporation helped bring a new age of energy to SPOKANE



From initial Survey
to final completion
Fish Service Corporation
supervised all steps
in converting Spokane
Natural Gas Company
from an obsolete
Propane-air utility to
a modern, efficient
natural gas
distributing system.

IN EARLY 1953 Spokane Gas and Fuel Company saw little hope for the future. Sales were declining, the system was obsolete, cash was low, and prospects were so dim new financing was hard to get.

Then, with the promise of Natural Gas via pipeline from the San Juan Basin, things began to look up. But the company had little experience in planning, financing and executing the modernization required to take advantage of the new supply.

The management then turned to experts. Fish Service Corporation was retained to take charge of all phases of the change.

First Fish made a survey. Then, based on that survey, new financing was obtained. On behalf

of the company, Fish went before the state regulatory commission and the F.P.C. The system was modernized and enlarged with supervision and inspection by Fish. Rate structures were calculated by Fish, and the company organization was improved. Even the name was changed to the Spokane Natural Gas Company.

Results were gratifying. Demand went up immediately. By December 1957, demand is expected to reach a peak of 37 million cubic feet per day. A sick, declining company had been transformed to a vigorous, growing one.

This may be an extreme example, but Fish Service Corporation may be able to help you, too. Why not call us and find out.

FISH SERVICE CORPORATION

HOUSTON, TEXAS





when
people
are
your
business...

IT PAYS TO HAVE THEM KNOW YOU BETTER

All too often people have the mistaken idea that a bank is a standoffish member of the community. As usual in a case like this, the misunderstanding stems from lack of knowledge of what a bank is really like.

Now, a new motion picture, "At Any Given Moment," has been created solely to enhance the public relations of your bank in your own city. There's no question that the story line—a series of lively and entertaining episodes—should go a long way to dramatize the vital part your bank plays in the per-

sonal lives of your customers and business affairs of your community.

This full-color, 9½-minute film is specially designed for use on your local TV station. It is available from its originator, the American Express Company. "At Any Given Moment" already has been scheduled for showing on TV stations in 42 markets throughout the country, and more showings will be planned as quickly as prints become available. So far more than 200 banks in every area have borrowed this new film for showing to their personnel.

If your bank would be interested in screening this important new film or in arranging for loan or purchase of a print—write today to James A. Henderson, Assistant Vice President, American Express Company, 65 Broadway, New York 6, N. Y.

**American
Express
Company**

in
r in
f a
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ay,